CIRCULAR DATED 6 JANUARY 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

If you are in any doubt as to the action that you should take, you should consult your legal, financial, tax or other professional adviser immediately.

If you have sold or transferred all your ordinary shares in the issued and paid-up share capital of the Company, you should forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale for onward transmission to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the issued and paid-up share capital of the Company held through The Central Depository (Pte) Ltd ("CDP"), you need not forward this Circular to the purchaser or transferee, as arrangements will be made by CDP for a separate Circular to be sent to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited ("**SGX-ST**") assumes no responsibility for any statements made, opinions expressed or reports contained in this Circular.

KTL GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)
(the "**Company**")

CIRCULAR TO SHAREHOLDERS IN RELATION TO:

(A) THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KTL INVESTMENT PTE. LTD. AND KTL OFFSHORE PTE. LTD.; AND

(B) THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM CROWE HORWATH FIRST TRUST LLP TO RT LLP

Independent Financial Adviser in relation to the Proposed Disposal as an Interested Person Transaction

RHT CAPITAL PTE. LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No. 201109968H)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	Sunday, 19 January 2020 at 11.00 a.m.
Date and time of Extraordinary General Meeting	:	Tuesday, 21 January 2020 at 11.00 a.m.
Place of Extraordinary General Meeting	:	Acacia Level 1, The Arena Country Club on 511 Upper Jurong Road Singapore 638366

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or unless otherwise stated:

"3Q2019"	:	The third quarter ended 30 September 2019
"ACRA"	:	The Accounting & Corporate Regulatory Authority of Singapore
"Audit Committee"	:	The audit committee of the Company for the time being
"Bluegas"	:	Bluegas Private Limited
"Board"	:	The board of Directors of the Company for the time being
"CDP"	:	The Central Depository (Pte) Limited
"CG Code"	:	The Code of Corporate Governance as applicable to listed companies in Singapore, as amended, modified or supplemented from time to time
"Circular"	:	This Circular dated 6 January 2020
"Companies Act"	:	The Companies Act (Chapter 50) of Singapore, as amended, modified or supplemented from time to time
"Company"	:	KTL Global Limited
"Consideration"	:	S$10,000
"Director"	:	A director of the Company for the time being
"EGM"	:	The extraordinary general meeting of the Company to be held at Acacia Level 1, The Arena Country Club on 511 Upper Jurong Road, Singapore 638366 on Tuesday, 21 January 2020 at 11.00 a.m., the notice of which is set out on pages 76 to 77 of this Circular
"EPS"	:	Earnings per share
"FY2018"	:	The 18-month period from 1 July 2017 to 31 December 2018
"Group"	:	The Company and its subsidiaries
"IFA"	:	RHT Capital Pte. Ltd., the independent financial adviser appointed by the Company to advise the Independent Directors in relation to the Proposed Disposal as an interested person transaction

"IFA Letter"	:	The letter from the IFA addressed to the Independent Directors in relation to the Proposed Disposal as an interested person transaction as set out in Appendix I to this Circular
"Independent Directors"	:	Directors who are considered independent in respect of the Proposed Disposal as an interested person transaction, namely Mr Lim Yeow Hua @ Lim You Qin, Mr Liu Changsheng and Mr Chong Eng Wee
"Independent Valuer"	:	AVA Associates Limited, the independent valuer appointed by the Company to value the Target Group for the purposes of the Proposed Disposal
"KIPL"	:	KTL Investment Pte. Ltd.
"KOPL"	:	KTL Offshore Pte. Ltd.
"Latest Practicable Date"	:	26 December 2019, being the latest practicable date prior to the printing of this Circular
"Listing Manual"	:	The listing manual of the SGX-ST as amended, modified or supplemented from time to time
"Long-Stop Date"	:	29 November 2020
"Notice of EGM"	:	The notice of the EGM which is set out on pages 76 to 77 of this Circular
"NTA"	:	Net tangible asset
"NAV"	:	Net asset value
"Proposed Disposal"	:	The proposed disposal of 100% of the issued and paid-up share capital of KIPL and KOPL for an aggregate consideration of S$10,000
"Purchaser"	:	Kim Teck Leong Pte. Ltd.
"Sale Shares"	:	100% of the issued and paid-up share capital of KIPL and KOPL
"SFA"	:	The Securities and Futures Act (Chapter 289) of Singapore, as amended, modified or supplemented from time to time
"SGX-ST"	:	Singapore Exchange Securities Trading Limited

"SGXNET"	:	The SGXNET Corporate Announcement System, being a system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"Shareholder"	:	Means: (a) where CDP is named in the Register of Members of the Company as the holder of shares, a Depositor in respect of the number of shares which stand in credit against his name in the Depository Register; and (b) in any other case, a person whose name appears on the Register of Members maintained by the Company pursuant to Section 190 of the Companies Act and/or any other applicable law
"S$"	:	Singapore dollars
"Valuation"	:	The valuation of the Target Group
"Valuation Report"	:	The valuation report issued by the Independent Valuer in relation to the Valuation, a summary of which is as set out in Appendix II to this Circular

Depositors. The terms "**Depositor**", "**Depository Agent**" and "**Depository Register**" shall have the meanings ascribed to them respectively in Section 81SF of the SFA.

Subsidiaries and related corporations. The terms "**subsidiaries**" and "**related corporations**" shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Companies Act.

References. Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall, where applicable, include corporations. Any reference to a "Paragraph" shall be a reference to a paragraph of this Circular.

Time and date. Any reference to a time of day and date in this Circular is made by reference to Singapore time and date, unless otherwise stated.

Statutes. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, SFA, Listing Manual, CG Code or any statutory or regulatory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Companies Act, SFA, Listing Manual, CG Code or such statutory or regulatory modification thereof, as the case may be.

Headings. The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Rounding. Any discrepancies in figures included in this Circular between the amounts listed and their actual values are due to rounding. Accordingly, figures may have been adjusted to ensure that totals or sub-totals shown, as the case may be, reflect an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward-Looking Statements. All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as "expect", "anticipate", "believe", "estimate", "intend", "project", "plan", "strategy", "forecast" and similar expressions or future or conditional verbs such as "if", "will", "would", "should", "could", "may" and "might". These statements reflect the Company's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements, and the Company disclaims any responsibility to update publicly or revise any forward-looking statements, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)
(the "**Company**")

Directors:	**Registered Office:**
Lim Yeow Hua @ Lim You Qin (Non-Executive Chairman and Lead Independent Director)	7 Gul Road
Tan Kheng Kuan (Chief Executive Officer)	Singapore 629364
Liu Changsheng (Executive Director)	
Chong Eng Wee (Independent Director)	

6 January 2020

TO: THE SHAREHOLDERS OF KTL GLOBAL LIMITED

Dear Sir/Madam

(A) THE PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KTL INVESTMENT PTE. LTD. AND KTL OFFSHORE PTE. LTD. (THE "PROPOSED DISPOSAL")

(B) THE PROPOSED CHANGE OF AUDITORS OF THE COMPANY FROM CROWE HORWATH FIRST TRUST LLP TO RT LLP (THE "PROPOSED CHANGE OF AUDITORS")

1. INTRODUCTION

1.1 Extraordinary General Meeting

The Directors are convening an extraordinary general meeting of the Company to be held at Acacia Level 1, The Arena Country Club on 511 Upper Jurong Road, Singapore 638366 on Tuesday, 21 January 2020 at 11.00 a.m. (the "**EGM**") to seek Shareholders' approval for the following:

(i) the proposed disposal of 100% of the issued and paid-up share capital of KIPL and KOPL for an aggregate consideration of S$10,000 (Ordinary Resolution 1); and

(ii) the proposed change of auditors of the Company from Crowe Horwath First Trust LLP to RT LLP (Ordinary Resolution 2).

1.2 Purpose of this Circular

1.2.1 The purpose of this Circular is to provide Shareholders with information relating to the above proposals and to seek Shareholders' approval in relation thereto at the EGM. The Notice of EGM is set out on pages 76 to 77 of this Circular.

1.2.2 The SGX-ST assumes no responsibility for any statements made, opinions expressed or reports contained in this Circular.

2. THE PROPOSED DISPOSAL

2.1 Introduction

The Company intends to dispose of KIPL and KOPL for an aggregate consideration of S$10,000 (the "**Proposed Disposal**"). On 22 August 2019, the Company announced that it had entered into a share sale and purchase agreement (the "**SPA**") with Kim Teck Leong Pte. Ltd. (the "**Purchaser**") to dispose of 100% of the issued and paid-up share capital (the "**Sale Shares**") of KIPL and KOPL to the Purchaser for an aggregate consideration of S$10,000. A copy of the announcement is available on SGXNET at http://www.sgx.com.

2.2 Information on KIPL and KOPL

2.2.1 KIPL is a private company limited by shares incorporated in Singapore on 27 May 2011. As at the Latest Practicable Date, KIPL has an issued and paid-up share capital of S$1,000 comprising 1,000 ordinary shares, entirely held by the Company. KIPL is a wholly-owned subsidiary of the Company and is engaged in the business of investment holding. The director of KIPL is Tan Kheng Kuan.

2.2.2 KOPL is a private company limited by shares incorporated in Singapore on 21 April 1973. As at the Latest Practicable Date, KOPL has an issued and paid-up share capital of S$27,044,521 comprising 22,502,134 ordinary shares, entirely held by the Company. KOPL is a wholly-owned subsidiary of the Company and is engaged in the business of trading of rigging equipment and related services. The directors of KOPL are Tan Kheng Kuan and Tan Tock Han. The key financial information of KOPL and KIPL for the past three financial years are set out in the tables below:

KOPL (Audited figures at a company-level)

	1 July 2015 to 30 June 2016	1 July 2016 to 30 June 2017	1 July 2017 to 31 December 2018[1]
Statement of Profit or Loss (S$ Million)			
Revenue	35.7	22.64	27.80
Gross profit/(loss)	5.03	(1.69)	3.04
Net attributable loss	(11.2)	(34.61)	(32.83)
Statement of financial position (S$ Million)			
Non-current assets	37.61	14.55	8.92
Current assets	40.43	37.15	9.10
Non-current liabilities	8.20	14.63	13.85
Current liabilities	55.28	57.12	57.05
Shareholders' equity attributable to owners of the Company	14.55	(20.05)	(52.88)

[1] The change in year end is due to the change in the Company's financial year end from 30 June to 31 December on 29 June 2018.

KIPL (Audited figures at a company-level)

	1 July 2015 to 30 June 2016	1 July 2016 to 30 June 2017	1 July 2017 to 31 December 2018[1]
Statement of Profit or Loss (S$ Million)			
Revenue	Nil	Nil	Nil
Gross profit/(loss)	Nil	Nil	Nil
Net attributable loss	(0.17)	(1.81)	(0.63)
Statement of financial position (S$ Million)			
Non-current assets	1.97	1.71	1.14
Current assets	0.05	0.03	0.02
Non-current liabilities	1.21	Nil	Nil
Current liabilities	1.00	3.74	3.80
Shareholders' equity attributable to owners of the Company	(0.19)	(2.00)	(2.63)

KIPL and KOPL groups (Unaudited on a Target Group basis)[2]

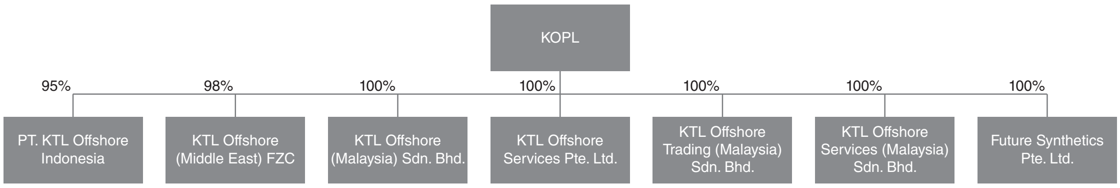
	1 July 2015 to 30 June 2016	1 July 2016 to 30 June 2017	1 July 2017 to 31 December 2018[1]
Statement of Profit or Loss (S$ Million)			
Revenue	41.96	30.88	53.80
Gross profit/(loss)	7.09	(0.92)	7.45
Net attributable loss	(14.33)	(25.73)	(19.69)
Statement of financial position (S$ Million)			
Non-current assets	34.25	21.67	16.78
Current assets	37.41	28.35	22.89
Non-current liabilities	9.83	8.47	3.58
Current liabilities	52.74	58.64	70.01
Shareholders' equity attributable to owners of the Company	9.09	(17.13)	(34.00)

1 The change in year end is due to the change in the Company's financial year end from 30 June to 31 December on 29 June 2018.

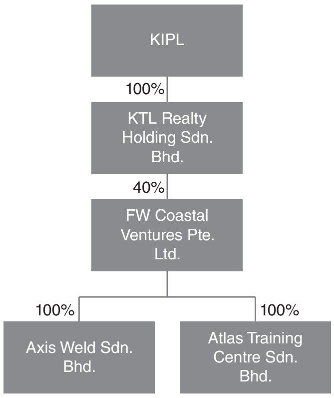
2 The Company wishes to highlight that for the purposes of the Proposed Disposal, numbers in this Circular relating to KOPL and KIPL have been adjusted and prepared separately by management (i.e. on a Target Group consolidated basis) based on the latest announced unaudited consolidated financial statements of the Group for 3Q2019. This adjustment (being to deduct the NTA of the Company and Bluegas from that of the Group) is to take into account the subsidiaries and associated companies held by KOPL and KIPL. As the Company is the parent company of KOPL and KIPL, only the consolidated financial statements of the Company were presented and announced by the Company for 3Q2019. No separate consolidated financial statements were prepared for KOPL and KIPL for the purposes of the 3Q2019 announcement, as KOPL and KIPL are exempted from preparing consolidated financial statements under FRS 110, and hence the financials of the Target Group were prepared separately by management.

2.2.3 KOPL and KIPL, are the holding companies of various subsidiaries and associated companies which will also be sold to the Purchaser pursuant to the Proposed Disposal. KOPL and KIPL, together with such subsidiaries and associated companies, shall hereinafter be collectively referred to as the "**Target Group**". Further details on the Target Group are set out in the diagrams and table below:

KOPL



KIPL

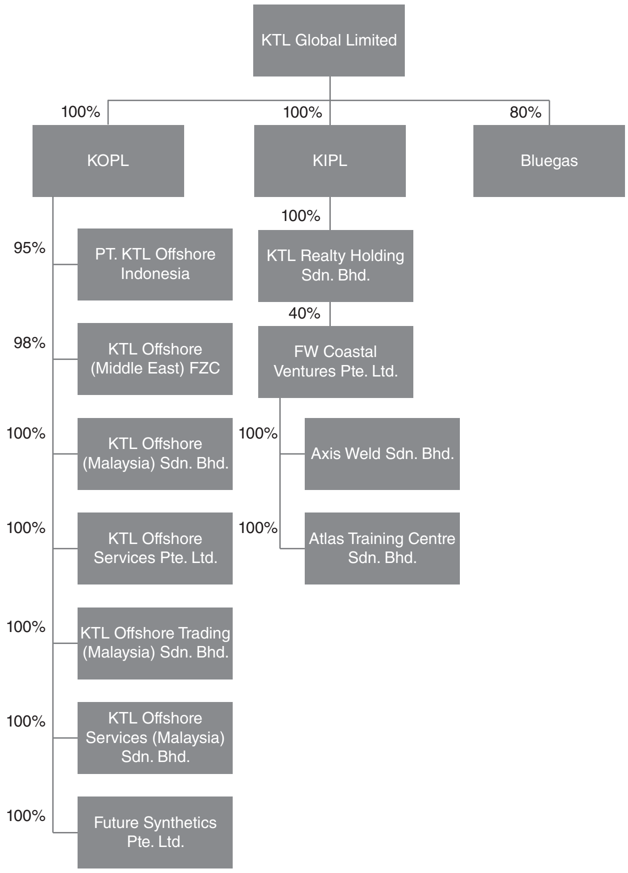


Name of company	Proportion of ownership interest held by the Company	Principal business activity(ies)	Net asset value as at 30 September 2019 (Approximately)
Subsidiaries Held through KOPL			
PT. KTL Offshore Indonesia	95%	Inspection and certification of lifting equipment and certification of wire ropes	S$0.64 million
KTL Offshore (Middle East) FZC	98%	Trading of rigging equipment and related services	S$2.30 million
KTL Offshore (Malaysia) Sdn. Bhd.	100%	Trading of rigging equipment and related services	S$14.41 million (Negative)
KTL Offshore Services Pte. Ltd.	100%	Inspection and certification of lifting equipment and certification of wire ropes	Nil

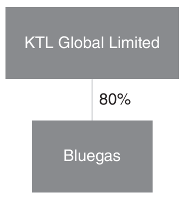
Name of company	Proportion of ownership interest held by the Company	Principal business activity(ies)	Net asset value as at 30 September 2019 (Approximately)
KTL Offshore Trading (Malaysia) Sdn. Bhd.	100%	Trading of rigging equipment	S$0.01 million
KTL Offshore Services (Malaysia) Sdn. Bhd.	100%	Provision of services to customers mainly in the offshore, oil and gas and marine industries	S$0.01 million (Negative)
Future Synthetics Pte. Ltd.	100%	Developing and advancing the technology of synthetics material for use in the manufacture of heavy lift synthetics slings	S$0.70 million (Negative)
Subsidiaries Held through KIPL			
KTL Realty Holding Sdn. Bhd.	100%	Property investment	S$0.65 million (Negative)
Associates Held through KIPL			
FW Coastal Ventures Pte. Ltd. ("FWPL")	40%	Engaging in service activities incidental to oil and gas extraction	FWPL ceased operations in July 2017. No financial information is available and KIPL is in the process of negotiating with other shareholders of FWPL to liquidate FWPL.
Associates Held through FWPL			
Atlas Training Centre Sdn. Bhd. (a wholly owned subsidiary of FWPL)	40%	Providing training for offshore oil and gas, commercial maritime and energy resource industries	Atlas Training Centre Sdn. Bhd. ceased operations in July 2017. No financial information is available and KIPL is in the process of negotiating with other shareholders of FWPL to liquidate Atlas Training Centre Sdn. Bhd..
Axis Weld Sdn. Bhd. (a wholly owned subsidiary of FWPL)	40%	Providing welding training courses, welding test and qualifies welders for offshore oil and gas industry	Axis Weld Sdn. Bhd. ceased operations in July 2017. No financial information is available and KIPL is in the process of negotiating with other shareholders of FWPL to liquidate Axis Weld Sdn. Bhd..

2.2.4 The Target Group will cease to be subsidiaries or associated companies (as the case may be) of the Company following the completion of the Proposed Disposal. Following the completion of the Proposed Disposal, the Group will comprise the Company and Bluegas. An illustration of the Group before and after the Proposed Disposal can be seen below:

Before the Proposed Disposal



After the Proposed Disposal



As announced by the Company on SGXNET, Bluegas became a subsidiary of the Company on 29 November 2018 and has commenced operations since January 2019. Since commencement of its operations, Bluegas has secured a number of contracts and generated revenue for the Group. Further details relating to such contracts and the payments received by Bluegas thereunder are set out in paragraph 2.4 of this Circular. In view of the promising performance and positive contribution of Bluegas to the Group since commencement of its operations, it is the Group's intention to focus on and expand on its business of providing branding, technical, operation and procurement services.

2.2.5 KOPL and KIPL are in a net liability position mainly because the oil and gas market that they operate in is still characterised by an oversupply of goods and service providers and fluctuating oil prices. As such, they have recorded losses for the past three (3) years and continue to be in a net liability position.

2.2.6 Impairment losses on property, plant and equipment have been provided for the Target Group for the past three (3) years and have been consolidated as part of the Group's financial results. Details of the impairment losses on property, plant and equipment are: (a) nil for the financial year ending 30 June 2016, (b) S$7.77 million for the financial year ending 30 June 2017 and (c) S$2.97 million for the financial year ending 31 December 2018. Accordingly, the accumulated impairment for property, plant and equipment as at 31 December 2018 and 30 September 2019 was S$10.75 million. Impairment of investment in subsidiaries and intercompany loans are only made at the Company level and therefore not consolidated as part of the Group's financial results. Details of the impairment losses for investment in subsidiaries and intercompany loans are set out in the tables below:

A) Impairment loss on Investment in Subsidiaries(1)			
	31-Dec-18	**30-Jun-17**	**30-Jun-16**
Unquoted equity shares, at cost	**S$'000**	**S$'000**	**S$'000**
– KTL Offshore Pte. Ltd.	13,160	13,160	13,160
– KTL Investment Pte. Ltd.	1	1	1
– Bluegas Private Limited	50	–	–
	13,211	13,161	13,161
Less: Impairment loss	(13,160)	–	–
	51	13,161	13,161
Accumulated impairment loss			
At beginning of the year	–	–	–
Additions	(13,160)	–	–
At end of the year	(13,160)	–	–
B) Amount due from subsidiaries(2)			
– Non-current	10,569	6,961	741
– Current	5,933	5,970	12,997
	16,502	12,931	13,738
Less: Impairment loss(3)	(16,502)	–	–
	–	12,931	13,738

Notes:

(1) "Investment in subsidiaries" is classified as a non-financial asset for the purposes of determining impairment. In this regard, in view of the Group's loss-making position, the Company's management had performed an impairment assessment based on the discounted cash flow projection of the relevant cash generating unit to determine its value-in-use.

(2) "Amount due from subsidiaries" is classified as a financial asset for the purposes of determining impairment. In this regard, the Group had to determine whether there was objective evidence that an impairment loss on financial assets has been incurred, and in doing so, it considered factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. These amounts represented loans from the Company to the Target Group.

(3) The loans have since been capitalised subsequent to 31 December 2018. Accordingly, there are no outstanding loans from the Company to the Target Group currently. The amount of S$16.5 million was loaned by the Company to provide financing support to the Target Group: S$5.9 million related to the outstanding management fees payable to the Company and S$10.6 million was used for the repayment of bank borrowings, payments to suppliers and general working capital for the Target Group. The Target Group was unable to repay such amounts due as it has been loss-making for the past three (3) years.

As at 3Q2019, the amounts owing by the Company to KOPL is approximately S$40,595 (the "**Intercompany Loans**") and there are no amounts owing between the Company and KIPL. As at the Latest Practicable Date, the Intercompany Loans have been fully repaid.

2.2.7 The Company's management has been working closely with its auditors every year in performing the impairment loss assessment, and the methodologies used in such assessment are based on the requirements prescribed by the relevant accounting standards. Accordingly, the Board is of the opinion that the methodologies used to determine the value of the impairment loss are reasonable.

2.3 Information on the Purchaser

The Purchaser is an investment holding company incorporated under the laws of Singapore, and is controlled by the Tan Family (being Mr Tan Tock Han, Ms Shum Ching Yee and Mr Tan Kheng Kuan, who are also controlling shareholders of the Company). The Purchaser is a controlling shareholder of the Company. The directors of the Purchaser are Mr Tan Tock Han and Mr Tan Kheng Kuan. Mr Tan Kheng Kuan is a Director and the Chief Executive Officer of the Company and Mr Tan Tock Han and Ms Shum Ching Yee are his father and sister-in law, respectively.

2.4 Rationale of the Proposed Disposal

Despite the implementation of cost-cutting measures, KOPL and KIPL have been loss-making in recent years since 2016 due to challenging conditions in the oil and gas industry. The Group expects the oil and gas industry to remain challenging due to an oversupply of goods and service providers and fluctuating oil prices.

The Group has been developing its synthetic product business through Future Synthetics Pte. Ltd. (a wholly-owned subsidiary of KOPL). The synthetic products business commenced three (3) years ago and mainly comprises the production of synthetic slings and synthetic ropes. However, as the entry level for such synthetic products is significantly higher than the traditional wire-rope products and the market takes time to accept and adopt such products, the business is still in a loss-making position.

Accordingly, in addition to the continued development of such synthetic product business, the Group had explored other business opportunities in order to improve its revenue stream and financial position. In this regard, as previously announced on SGXNET, it had entered into a joint venture with a partner to invest in Bluegas (now an 80% subsidiary of the Company), which is in the businesses of trading of natural gas and related equipment and products and providing branding, technical, operation and procurement services. Bluegas is currently in the process of obtaining approvals required for the trading of natural gas and related equipment and products. As this takes time, it currently focuses on the business of providing branding, technical, operation and procurement services to further enhance its financial position in the meantime.

Bluegas provides such branding, technical, operation and procurement services to its customers in the People's Republic of China ("**PRC**"), who are currently mainly in the medical supplies and consumables industries. In particular, it engages in central procurement of medical supplies and consumables, thereafter providing branding management, technical assistance to and enhancing efficiency and effectiveness in the operating of integrated pharmaceutical smart vending equipment in various operating sale points (mainly medical clinics and hospitals) in the PRC. In connection with this, as previously announced on SGXNET, Bluegas has as at the Latest Practicable Date, entered into six (6) branding, technical, operation and procurement services agreements with certain utility operators. As at the Latest Practicable Date, Bluegas has received payments amounting to RMB26,500,000 (equivalent to approximately S$5,300,000) pursuant to such agreements. Bluegas continues to explore providing equipment-related branding, technical, operation and procurement services to industries other than the medical supplies and consumables industries,

The financial performance and key financial information of Bluegas (taking into account the operating expenses at the Company level) is set out in the table below:

	From January 2019 to 30 September 2019
Statement of Profit or Loss (S$ Million)	
Revenue	8.21
Gross profit/(loss)	7.03
Net attributable profit	6.67
Statement of financial position (S$ Million)	
Non-current assets	Nil
Current assets(1)	8.23
Non-current liabilities	Nil
Current liabilities	1.56
Shareholders' equity attributable to owners of the Company	5.35

Note:

(1) The breakdown of the current assets is as follows: (a) account receivables of S$2.96 million; (b) deposit, prepayment and other receivables of S$0.01 million; (c) amount due from the Company of S$5.01 million; and (d) cash and bank balance of S$0.25 million.

Furthermore, as at 3Q2019, the amount of loans, liabilities and/or borrowings owing by KOPL to (i) the banks and (ii) the Purchaser and/or the Tan Family are (i) S$26.5 million and (ii) S$12.7 million respectively. The loans were taken up by KOPL mainly for the repayment of bank borrowings, payment to suppliers and for its general working capital. In the event that the banks, the Purchaser and/or the Tan Family enforces and/or calls on any such loans, liabilities and/or borrowings, it would be extremely challenging for the Group to make repayment of such amounts and this would increase the strain on the Group's financial resources.

It is also noted that based on the latest announced consolidated financial statements of the Group as at the end of 3Q2019, the Group is currently in a negative NTA position. As detailed in paragraph 2.8 below and based on the assumptions therein, completion of the Proposed Disposal would result in a positive NTA for the Group.

Pursuant to the Proposed Disposal, the Company and the Purchaser have also agreed to do all such acts and things as may be required and/or necessary to discharge any and all existing corporate guarantees (amounting to S$30.92 million) previously executed and/or extended by the Company to banks in connection with bank borrowings of KOPL and KIPL. This is a condition precedent to the Proposed Disposal, as indicated in paragraph 2.5.3 below. For the avoidance of doubt, there are no bank borrowings of the subsidiaries and/or associated companies of KOPL and KIPL for which the Company had granted corporate guarantees.

The Company's management and the Tan Family have commenced discussions with the various banks on discharging the existing corporate guarantees and have so far received positive responses from such banks. Such discussions include exploring the possibility for the Tan Family and/or the Purchaser to furnish replacement guarantee(s) in connection with KOPL's and KIPL's existing bank borrowings.

As at 3Q2019, the bank borrowings of KOPL and KIPL are as follows:

Name of subsidiary	**Name of Bank(s)**	**Amount outstanding (Approximately)**	**Nature of borrowings**
KOPL	DBS	S$1.34 million	Trade facilities and repayment of demand
KOPL	UOB	S$3.05 million	Trade facilities and repayment of demand
KOPL	DBS and UOB	S$12.63 million	Syndicated loans from April 2016
KOPL	UOB	S$0.13 million	MML loan from September 2019
KOPL	CIMB	S$2.61 million	Property loan from July 2014
KOPL	UOB	S$5.0 million	Bridging loan from March 2017
KOPL	UOB	S$0.63 million	Hire Purchase from April 2016
KOPL	DBS & MB Financial	S$0.20 million	Hire Purchase from March 2015
KIPL	Maybank	S$0.86 million	Property loan from December 2014
KTL Malaysia	Hap Seng Credit	S$0.08 million	Hire Purchase from May 2016

The existing bank borrowings are only at the KOPL and KIPL and its subsidiaries level, and the Company and Bluegas have nil bank borrowings. Accordingly, upon completion of the Proposed Disposal and the discharge of such corporate guarantees, the Group will have nil bank borrowings.

In view of the above, the Company notes that the Proposed Disposal is beneficial to the Group's continued development and operations as it will result in a substantial reduction in losses, a significant lowering of liabilities and a cash inflow. Further, as KOPL and KIPL are loss-making and in a weak financial position, the Board is of the view that the Proposed Disposal is in the best interests of the Company and its Shareholders.

2.5 Principal terms of the Proposed Disposal

2.5.1 Introduction

Pursuant to the terms of the SPA, the Company shall dispose of the Sale Shares to the Purchaser or its nominee, free and clear from any encumbrances and claims, and together with all rights, benefits, and entitlements attaching thereto.

2.5.2 Consideration

The total consideration payable by the Purchaser to the Company for the disposal of the Sale Shares is S$10,000. The Consideration will be satisfied wholly in cash and shall be payable on the completion date of the Proposed Disposal.

The Consideration was arrived at on a willing-buyer and willing-seller basis, taking into consideration the negative NTA and NAV value attributable to the Target Group of approximately S$20.3 million as at the end of 3Q2019.

2.5.3 Conditions Precedent

The completion of the Proposed Disposal is conditional upon following being satisfied (or waived, if capable of being waived) by 29 November 2020:

(a) all approvals of the board of directors of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into the SPA;

(b) all approvals of the board of directors of the Purchaser having been obtained for the entry into and completion of, the transactions contemplated to be entered into the SPA;

(c) all approvals of the board of directors of KOPL and KIPL having been obtained for (aa) the sale and transfer of all of the Sale Shares to the Purchaser (or its nominee(s)) and (bb) the issue of new share certificates in respect of the Sale Shares to the Purchaser (or its nominee(s));

(d) the approval of the Shareholders in general meeting and the SGX-ST having been obtained for the entry into and completion of the transactions contemplated to be entered into in the SPA;

(e) the discharge of all existing corporate guarantees previously executed and/or extended by the Company to banks in connection with bank borrowings of KOPL and KIPL;

(f) an opinion from the independent financial adviser appointed by the Company that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders; and

(g) all other necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Sale Shares (including without limitation but only where required, by the SGX-ST and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion, such conditions being fulfilled before completion, as the case may be, and such consents or approvals not being revoked or repealed on or before completion, as the case may be.

As at the date of this Circular, the conditions precedent set out in paragraphs 2.5.3(a), (b), (c) and (f) above have been satisfied. Save for the approval of the Shareholders in general meeting and the discharge of all existing corporate guarantees (which the Company is in the process of arranging), the Company is not aware of any other consents, approvals or material conditions which are required to be obtained or fulfilled in order for the completion of the Proposed Disposal to take place. In the event that any material conditions are imposed after the date of this Circular, the Company will disclose the same to the Shareholders via SGXNET.

2.6 Value of the Target Group, gain from Proposed Disposal and use of proceeds

2.6.1 Value of the Target Group

Based on the latest announced unaudited consolidated financial statements of the Group as at the end of 3Q2019, the book value and NTA value of the Target Group was approximately S$(20.3) million. The improvement in the NTA value (compared to the position as at 31 December 2018) was mainly due to capitalisation of intercompany loans subsequent to 31 December 2018 between the Company and KOPL.

The Company had also commissioned the Independent Valuer, AVA Associates Limited, to value the Target Group for the purposes of the Proposed Disposal. According to the Valuation Report issued by the Independent Valuer, the value of the Target Group as at 30 June 2019 was determined to be nil. Please refer to the summary of the Valuation Report set out in Appendix II to this Circular for more details.

2.6.2 Excess of Proceeds over Book Value

Based on the book value of the Target Group as set out in paragraph 2.6.1 above, the Consideration represents an excess of approximately S$20.3 million over the book value of the Target Group.

2.6.3 Use of Proceeds

The net proceeds from the Proposed Disposal of S$10,000 will be used for general working capital purposes.

2.6.4 Loss Attributable to the Target Group and Gain on Proposed Disposal

Based on the latest announced unaudited consolidated financial statements of the Group as at the end of 3Q2019, the net loss before tax attributable to the Target Group as at the end of 3Q2019 was approximately S$1.0 million and there will be an estimated gain of S$10,000 on disposal (being the Consideration for the Proposed Disposal).

2.7 Chapter 10 of the Listing Manual

Relative Figures under Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual in respect of the Proposed Disposal and based on the latest announced consolidated financial statements of the Group for the 9 months ended 30 September 2019 (being 1 January 2019 to 30 September 2019) ("**9M2019**"), are set out below for illustration purposes only.

Rule 1006	Base	Proposed Disposal
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	(143)%[(1)]
(b)	The net losses[(2)] attributable to the assets disposed of, compared with the Group's net loss	(135)%[(3)]
(c)	The aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares (excluding treasury shares)	0.1%[(4)]
(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue (excluding treasury shares)	Not applicable, as this is not an acquisition.
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the Group's proved and probable reserves	Not applicable, as the Company is not a mineral, oil and gas company.

Notes:

(1) Based on the latest announced consolidated financial statements of the Group for 9M2019, the net asset value of the Group was approximately S$(14.2) million. Based on the NTA of the Target Group as set out in paragraph 2.6.1 of this Circular, the net asset value attributable to the Target Group is approximately S$(20.3) million.

(2) "Net loss" means loss after income tax and extraordinary items, but before minority interests.

(3) Based on the latest announced consolidated financial statements of the Group for 9M2019, the net profit of the Group was approximately S$2.5 million and the net loss attributable to the Target Group was approximately S$3.3 million.

(4) The Consideration for the Proposed Disposal is S$10,000. The Company's market capitalisation is approximately S$12.6 million, computed on the basis of 315,669,019 ordinary shares in issue (excluding treasury shares) and the weighted average price of S$0.04 per share transacted on 21 August 2019, being the last market day preceding the date of the SPA.

As the relative figures in (a) and (b) above exceed 20%, the Proposed Disposal constitutes a "major transaction" under Chapter 10 of the Listing Manual and is conditional upon the approval of Shareholders at the EGM.

2.8 Financial effects

2.8.1 Bases and Assumptions

The pro forma financial effects of the Proposed Disposal are based on, *inter alia*, the following bases and assumptions:

(i) the audited consolidated financial statements of the Group for FY2018;

(ii) the *pro forma* financial effects of the Proposed Disposal on the consolidated NTA per share of the Group are computed based on the assumption that the Proposed Disposal was completed on 31 December 2018; and

(iii) the *pro forma* financial effects of the Proposed Disposal on the EPS of the Group are computed based on the assumption that the Proposed Disposal was completed on 1 July 2017[3].

The *pro forma* financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Disposal.

2.8.2 NTA per share

	Before the Proposed Disposal	**After completion of the Proposed Disposal**
Consolidated NTA attributable to the shareholders (S$'000)	(17,175)	337
Number of shares	315,669,019	315,669,019
Consolidated NTA per share attributable to the shareholders (cents)	(5.44)	0.11

[3] It is noted that the Company had on 29 June 2018 changed its financial year end from 30 June to 31 December.

2.8.3 Earnings per Share (“**EPS**”)

	Before the Proposed Disposal	**After completion of the Proposed Disposal**
Consolidated loss after taxation and minority interests (S$’000)	(29,610)	(6,350)
Weighted average number of shares	240,610,273	240,610,273
Consolidated loss per share (cents)	(12.31)	(2.64)

2.9 Service Agreements

No person is proposed to be appointed as a director of the Company in connection with the Proposed Disposal. Accordingly, no service agreements are proposed to be entered into between the Company and any such person.

2.10 Interested Person Transaction

Under Chapter 9 of the Listing Manual, an “interested person transaction” is a transaction between an entity at risk and an interested person pursuant to Rule 904(5) of the Listing Manual. As the Company is an “issuer” on SGX-ST, the Company is an “entity at risk” pursuant to Rule 904(2) of the Listing Manual. Further, as the Purchaser is a controlling Shareholder, it is an “interested person” under Rule 904(4)(a) of the Listing Manual.

For the purposes of Chapter 9 of the Listing Manual:

(a) an “**entity at risk**” means a listed company, a subsidiary of the listed company that is not listed on the SGX-ST or an approved exchange, or an associated company of the listed company that is not listed on the SGX-ST or an approved exchange, provided that the listed group, or the listed group and its interested person(s), has control over the associated company;

(b) an “**associated company**” means a company in which at least 20% but not more than 50% of its shares are held by the listed company or group;

(c) an “**approved exchange**” means a stock exchange that has rules which safeguard the interests of shareholders against interested person transactions according to similar principles to Chapter 9 of the Listing Manual;

(d) an “**interested person**” means a director, chief executive officer, or controlling shareholder of a listed company, or an associate of such director, chief executive officer, or controlling shareholder;

(e) an “**associate**” in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means his immediate family (i.e., spouse, child, adopted child, stepchild, sibling and parent), the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, and any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more. An "associate" in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more; and

(f) an "**interested person transaction**" means a transaction between an entity at risk and an interested person and includes the provision or receipt of financial assistance, the acquisition, disposal or leasing of assets, the provision or receipt of services, the issuance or subscription of securities, the granting of or being granted options, and the establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly.

2.10.1 Details of the interested person

The Purchaser is an investment holding company incorporated under the laws of Singapore, and is controlled by the Tan Family (being Mr Tan Tock Han, Ms Shum Ching Yee and Mr Tan Kheng Kuan, who are also controlling shareholders of the Company). The Purchaser is a controlling shareholder of the Company. The directors of the Purchaser are Mr Tan Tock Han and Mr Tan Kheng Kuan. Mr Tan Kheng Kuan is a Director and the Chief Executive Officer of the Company and Mr Tan Tock Han and Ms Shum Ching Yee are his father and sister-in-law respectively.

The shareholders of the Purchaser and their respective shareholdings are set out in the table below:

Name of shareholder	**Percentage number of shares in the Purchaser**
Tan Suan Suan	10%
Elsie Tan Khim Khim	10%
Shum Ching Yee	25%
Tan Kheng Kuan	20%
Group B shareholders (shares co-owned by Tan Kheng Kuan and Tan Tock Han)	10%
Group C shareholders (shares co-owned by Shum Ching Yee and Tan Tock Han)	25%
Total	**100%**

2.10.2 Shareholders' approval under Chapter 9 of the Listing Manual

In accordance with Rule 906(1)(a) and Rule 918 of the Listing Manual, where the value of an interested person transaction, or when aggregated with other transactions entered into with the same interested person during the same financial year, is equal to or exceeds 5% of the Group's latest audited NTA, the approval of Shareholders is required to be obtained either prior to the transaction being entered into, or if the transaction is expressed to be conditional on such approval, prior to the completion of such transaction, as the case may be.

The Consideration, being S$10,000, represents 0.1% of the Group's latest audited consolidated NTA for FY2018, which is approximately S$(17.1) million. This is less than 5% of the latest audited consolidated NTA of the Group for FY2018 and is of a value that is less than S$100,000. Notwithstanding this, the Company has sought consultation with the SGX-ST for good order and understands that as the Group's latest NTA figure is a negative value, it is not considered to be a meaningful measure for the purposes of Rules 905 and/or 906 of the Listing Manual. Accordingly, Chapter 9 of the Listing Manual applies and an IFA opinion would be required for the Proposed Disposal. The Company will therefore be seeking Shareholders' approval for the Proposed Disposal at the EGM.

Save for the Proposed Disposal, the Company, its subsidiaries and associated companies which, for the purposes of Chapter 9 of the Listing Manual, are considered to be "entities at risk", have not entered into any interested person transaction with the Purchaser and its associates for the period from 1 January 2019 to the Latest Practicable Date to which Rules 905 and/or 906 of the Listing Manual would apply.

2.11 Opinion of the Independent Financial Adviser

Chapter 9 of the Listing Manual provides that, where Shareholders' approval is required for an interested person transaction, the Circular must include an opinion from an independent financial adviser as to whether such transaction is on normal commercial terms and if it is prejudicial to the interests of the Company and its minority Shareholders.

Accordingly, RHT Capital Pte. Ltd. has been appointed as the IFA to provide an opinion as to whether the Proposed Disposal as an interested person transaction is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

A copy of the letter dated 6 January 2020 from the IFA (the "**IFA Letter**"), containing its opinion in full, is set out in Appendix I to this Circular. **Shareholders are advised to read the IFA Letter in its entirety carefully and consider it in the context of this Circular before deciding on whether to approve the Proposed Disposal.**

The following is an extract from Section 6 of the IFA Letter and should be read by Shareholders in conjunction with, and in the full context of the IFA Letter. Unless otherwise defined or the context otherwise requires, all terms defined in the IFA Letter shall have the meanings therein.

"In arriving at our recommendation in respect of the Proposed Disposal, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

(i) rationale for the Proposed Disposal;

(ii) financial assessment of the terms of the Proposed Disposal:

(a) financial performance and position of the Target Group;

(b) independent valuation of the Target Group;

The Independent Valuation of the Target Group was determined to be NIL as at the Valuation Date which is lower than the Consideration for the Proposed Disposal of S$10,000.

(c) RNAV of the Target Group;

The RNAV of the Target Group is approximately negative S$19.0 million, taking into consideration, the Net Revaluation Surplus in relation to the Revalued Assets.

(iii) financial effects of the Proposed Disposal;

(iv) other relevant considerations in relation to the Proposed Disposal:

(a) watch-list status of the Company;

(b) improved financial performance and position of the Company;

(c) the Proposed Disposal as the most appropriate option;

(d) investigations by CAD and MAS on the Target Group;

(e) no other alternative offers from third parties; and

(f) abstentions from voting.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal, as an Interested Person Transaction, is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA, and we do not warrant the merits of the Proposed Disposal. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on the Target Group."

2.12 Audit Committee's Statement

Having considered, *inter alia*, the terms, rationale for and benefits of the Proposed Disposal, as well as the opinion of the IFA on the Proposed Disposal, the Audit Committee concurs with the opinion of the IFA and is of the view that the Proposed Disposal is on normal commercial terms and not prejudicial to the interests of the Company and its independent Shareholders.

3. THE PROPOSED CHANGE OF AUDITORS

3.1 Background and rationale

As at the last annual general meeting of the Company held on 28 June 2019, Crowe Horwath First Trust LLP was re-appointed as auditors of the Company to hold office until the close of the next annual general meeting of the Company. Crowe Horwath First Trust LLP has been the auditors of the Group since 24 March 2016.

Following completion of the Proposed Disposal, the Group's scale of operations would decrease significantly. Having considered, *inter alia*, the scale and complexity of the Group's operations and the size of the Group following completion of the Proposed Disposal, the Board has determined that the proposal of RT LLP is best suited for the needs of the Group and is proposing the appointment of RT LLP in place of Crowe Horwath First Trust LLP as the auditors of the Company. This is also part of the Group's ongoing efforts to enhance its corporate governance as well as manage its overall business costs and expenses amidst the challenging business climate.

The Audit Committee having considered, *inter alia*, the number of staff in the audit engagement team, the seniority of the audit team members and the involvement of the incoming auditors, are of the opinion that RT LLP is well suited to meet the existing needs and audit requirements of the Group and is likely to enhance the value of the audit. It has therefore made a recommendation to the Board for the approval of the appointment of RT LLP in place of Crowe Horwath First Trust LLP as the auditors of the Company for the financial year ending 31 December 2019 and to hold office until the conclusion of the next annual general meeting of the Company. The Board has considered and decided to adopt the Audit Committee's recommendation.

The Audit Committee has also considered all the Audit Quality Indicators listed in the Audit Quality Indicators Disclosure Framework issued by ACRA in assessing the suitability of the new auditors appointed. In relation to the scope of audit to be undertaken by RT LLP as the new auditors, the Company confirms that there will be no change in the scope of audit from that of Crowe Horwath First Trust LLP.

Crowe Horwath First Trust LLP had given notice to the Directors of their resignation as auditors on 4 December 2019 and RT LLP has given their written consent to be appointed as the auditors on 26 September 2019, subject to the approval of the Shareholders at the EGM.

Pursuant to Section 205(15) of the Act, the resignation of Crowe Horwath First Trust LLP will only take effect upon the appointment of RT LLP, which will be effective upon the approval of Shareholders being obtained at the EGM to be convened for the Proposed Change of Auditors. Upon the appointment, RT LLP will hold office until the conclusion of the next annual general meeting of the Company.

The Directors wish to express their appreciation for the services rendered by Crowe Horwath First Trust LLP in the past.

3.2 Requirements under Rule 712 of the Listing Manual

The Board, having taken into account the Audit Committee's recommendation, and various factors, including, *inter alia*, the following:

(a) the fee structure, the adequacy of the resources and experience of RT LLP;

(b) the audit engagement partner (being Mr Ong Kian Meng) assigned to the audit;

(c) RT LLP's other audit engagements;

(d) the size and complexity of the Group's operations; and

(e) the number and experience of supervisory and professional staff assigned to the audit of the Company and the Group,

are of the opinion that RT LLP will be able to meet the audit requirements of the Group and that Rule 712 of the Listing Manual has been complied with.

3.3 Requirements under Rule 715 of the Listing Manual

The Board confirms that pursuant to the Shareholders' approval of the Proposed Change of Auditors, RT LLP will become the auditors of the Company and of its Singapore-incorporated subsidiaries and significant associated companies that are incorporated in Singapore. After completion of the Proposed Disposal, the Company will not have any significant foreign subsidiaries and significant foreign associated companies.

3.4 Requirements under Rule 1203(5) of the Listing Manual

In accordance with the requirements of Rule 1203(5) of the Listing Manual:

(a) the Company has received a copy of Crowe Horwath First Trust LLP's professional clearance letter dated 4 September 2019 to RT LLP, confirming that they are not aware of any professional reasons why RT LLP should not accept appointment as the new auditors of the Company;

(b) the Directors confirm that there were no disagreements with Crowe Horwath First Trust LLP on accounting treatments within the last 12 months from the date of this Circular;

(c) the Directors confirm that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in this Circular;

(d) the reasons for the Proposed Change of Auditors are disclosed in paragraph 3.1 of this Circular above; and

(e) the Directors confirm that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of RT LLP as its new Auditors, after taking into account the various factors in paragraphs 3.2 and 3.3 above.

3.5 Information on RT LLP

RT LLP started as a partnership operating under the name of Soh, Wong & Partners in 1985. Over the years, the partnership acquired other practices. In 2000, it changed its name to LTC & Associates and it converted to a limited liability partnership in 2008. With that conversion, it changed its name to LTC LLP. In August 2013, with re-branding, the firm changed its name from LTC LLP to RT LLP with the vision to focus on high value clients with complex advisory needs and to develop an ASEAN strategy with a regional focus. RT LLP has acted as statutory auditors for more than sixty (60) companies listed on SGX-ST over the years. It currently acts as the statutory auditors for sixteen (16) companies listed on SGX-ST and is advising two (2) companies as Reporting Accountants.

RT has been a member of one of the global accounting associations, BKR International since the late 1980s. BKR International was formed in 1989 as the result of a merger of National CPA Group, based in the United States of America, and several members of the primarily European DHR International. It has a combined strength of more than 160 independent accounting and business advisory firms in over 500 offices and 80 countries. The member firms are monitored at regular intervals to ensure that standards are maintained. BKR International was ranked sixth in the International Accounting Bulletin's (IAB) 2019 World Survey for global associations.

RT LLP is also a leading, well established and dynamic public accounting practice in Singapore that is a member of RT ASEAN, which is a network of multidisciplinary business solution providers. RT ASEAN, headquartered in Singapore, is the first global professional network in Asia to be recognised as a member of Forum of Firms. The Forum of Firms is an association of networks of international accounting firms that perform transnational audits. Members of the Forum have committed to adhere to and promote the consistent application of high-quality audit practices worldwide, including the use of International Standards on Auditing, and the maintenance of appropriate quality control standards in accordance with International Standards on Quality Control issued by the International Auditing and Assurance Standards Board. Through their organisations, members also conduct globally coordinated internal quality assurance reviews on a regular basis and have policies and methodologies that conform to the Code of Ethics for Professional Accountants. The Transnational Auditors Committee is the Executive Committee of the Forum of Firms and a committee of the International Federation of Accountants.

All partners and directors of RT LLP are experienced in cross-border work, and have developed considerable expertise in advising individuals, owner-managers, small and medium-sized businesses, public sector entities and/or listed companies. The partners, directors and staff of RT LLP are from diverse geographic cultural, academic and professional backgrounds with a shared purpose of striving for excellence in the delivery of public accounting and other professional services. Its team of qualified and experienced professionals endeavours to deliver unique and pragmatic solutions that are tailored to specific requirements of its clients and to meet statutory obligations. Currently, RT LLP in Singapore, has 3 audit partners, 4 directors and about 50 professional staff.

RT LLP aims to be the preferred public accounting firm and provider of professional services in Singapore, by delivering solutions that exceed its clients' expectations of professionalism and timeliness as well as value for money.

RT LLP was subjected to the Practice Monitoring Program current regime review by ACRA in April 2015 and the Firm has passed the review.

3.6 Information on the Audit Engagement Partner

RT LLP will assign a team comprising three partners (including a lead engagement partner, an engagement quality control & advisory partner), one manager, one senior and two associates with respect to the audit of the Group.

Mr Ong Kian Meng ("**Mr Ong**") will be the Lead Engagement Partner assigned to the audit of the Group. Mr Ong is a CA (Singapore) with Certificate for Practice with the Institute of Singapore Chartered Accountants ("**ISCA**"), a Public Accountant registered with ACRA and a Certified Public Accountant of CPA Australia. Mr Ong graduated from the Nanyang Technological University in Singapore with a Bachelor of Accountancy degree and has a total of more than 25 years of audit and commercial experience. Prior to joining RT LLP, he had nearly 12 years of audit and assurance working experience with Ernst and Young ("**EY**") and Deloitte & Touche in Singapore where he rose through the ranks from associate to manager whilst in EY. His audit experience spans across various industries, including manufacturing, trading, construction, oil and gas, property development, hotel, fund management and banking & financial institutions. Mr Ong has been involved in the provision of auditing and related services to more than 25 SGX-listed corporations. In addition, Mr Ong has also participated in initial public offering assignments and due diligence assignments. Both RT LLP and Mr Ong have audit experience in industries similar to that of the Group. As mentioned in paragraph 2.4 above, Bluegas is in the business of providing branding, technical, operation and procurement services.

Mr Ong has not been subjected to the Practice Monitoring Program review at partner level by ACRA under the current regime. However, his audit engagements were subjected to review under the firm-wide inspection at RT LLP by ACRA in April 2015 and RT LLP has passed the review as no significant findings were reported by the inspectors.

For more information about RT LLP, please visit http://www.rt-ca.com/.

3.7 Opinion of the Audit Committee

The Audit Committee has reviewed and deliberated on the Proposed Change of Auditors and recommend the same for approval by the Board after taking into consideration the suitability of RT LLP and the requirements of the Listing Manual.

4. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

4.1 The interests of the Directors and the substantial Shareholders in the share capital of the Company as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed Interest		Total Interest	
	AS AT LATEST PRACTICABLE DATE					
	No. of Shares	%[(1)]	No. of Shares	%[(1)]	No. of Shares	%[(1)]
Director						
Tan Kheng Kuan[(2)]	977,756	0.31	123,200,000	39.03	124,177,756	39.34
Liu Changsheng[(3)]	–	–	47,000,000	14.89	47,000,000	14.89
Substantial Shareholder						
Tan Tock Han[(2)]	44,583,191	14.12	123,200,000	39.03	167,783,191	53.15
Shum Ching Yee[(2)]	–	–	123,200,000	39.03	123,200,000	39.03
Kim Teck Leong Pte. Ltd.	123,200,000	39.03	–	–	123,200,000	39.03
Changsheng Investment Development Limited	47,000,000	14.89	–	–	47,000,000	14.89

Notes:

(1) Calculated based on the existing issued share capital of 315,669,019 Shares.

(2) Tan Kheng Kuan, Tan Tock Han and Shum Ching Yee are deemed to have an interest in the 123,200,000 shares held by Kim Teck Leong Pte. Ltd. by virtue of Section 7 of the Companies Act.

(3) Liu Changsheng holds 100% of the issued and paid-up share capital of Changsheng Investment Development Limited and, accordingly, is deemed to have an interest in the ordinary shares in the capital of the Company held by Changsheng Investment Development Limited.

4.2 Save as disclosed herein, none of the Directors, controlling Shareholders or substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal or the Proposed Change of Auditors, other than through their shareholdings (if any) in the Company.

5. DIRECTORS' RECOMMENDATIONS

5.1 Proposed Disposal

The Directors, having considered, amongst others, the rationale for and benefits of the Proposed Disposal, as well as the opinion of the IFA, are of the opinion (with Mr Tan Kheng Kuan abstaining) that the Proposed Disposal is in the best interests of the Group and is not prejudicial to the interests of the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the Proposed Disposal at the EGM to be convened.

5.2 Proposed Change of Auditors

The Directors, having considered, amongst others, the rationale for and benefits of the Proposed Change of Auditors, are of the opinion that the Proposed Change of Auditors is in the best interests of the Group and is not prejudicial to the interests of the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the Proposed Change of Auditors at the EGM to be convened.

6. ABSTENTION FROM VOTING

6.1 The Purchaser shall abstain and shall procure its associates and nominees (including Tan Kheng Kuan, Tan Tock Han and Shum Ching Yee) to abstain from voting in respect of each of their shareholdings in the Company on Ordinary Resolution 1 relating to the Proposed Disposal.

6.2 The Purchaser shall not, and shall procure its associates and nominees not to, accept appointments as proxies for voting at the EGM in respect of Ordinary Resolution 1 unless specific instructions have been given in the proxy form on how the Shareholders wish their votes to be cast for the ordinary resolution to be proposed at the EGM.

7. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Disposal and the Proposed Change of Auditors, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

8. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on pages 76 to 77 of this Circular, will be held on Tuesday, 21 January 2020, at 11.00 a.m. at Acacia Level 1, The Arena Country Club on 511 Upper Jurong Road, Singapore 638366, for the purpose of considering, and if thought fit, passing with or without any modifications, the resolutions set forth in the aforementioned notice.

9. ACTIONS TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and who wish to appoint a proxy to attend and vote at the EGM on their behalf should complete, sign and return the Proxy Form attached to this Circular in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 7 Gul Road, Singapore 629364, not less than 48 hours before the time appointed for the holding of the EGM. The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he finds that he is able to do so. In such event, the relevant Proxy Form will be deemed to be revoked.

A Depositor shall not be regarded as a Shareholder of the Company entitled to attend the EGM and to speak and vote thereat unless his name appears on the Depository Register at least 72 hours before the time appointed for the holding of the EGM.

10. CONSENTS

10.1 The IFA, RHT Capital Pte. Ltd.

The IFA has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the IFA Letter and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

10.2 The Independent Valuer, AVA Associates Limited

The Independent Valuer has given and has not withdrawn its written consent to the issue of this Circular and the inclusion of its name, the Valuation Report and all references thereto, in the form and context in which they appear in this Circular, and to act in such capacity in relation to this Circular.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company's registered office at 7 Gul Road, Singapore 629364 during normal business hours with prior appointment from the date hereof up to and including the date of the EGM:

(i) the SPA;

(ii) the Professional Clearance Letter;

(iii) the notice of resignation as auditors from Crowe Horwath First Trust LLP dated 4 December 2019;

(iv) the letter of consent to act as auditors from RT LLP dated 26 September 2019;

(v) the IFA Letter;

(vi) the letter of consent from the IFA, referred to in paragraph 10.1 of this Circular;

(vii) the Valuation Report;

(viii) the letter of consent from the Independent Valuer, referred to in paragraph 10.2 of this Circular; and

(ix) the Constitution of the Company.

Yours faithfully

For and on behalf of the Board of Directors of
KTL GLOBAL LIMITED

Tan Kheng Kuan
Chief Executive Officer

RHT CAPITAL PTE. LTD.
(Company Registration Number: 201109968H)
(Incorporated in the Republic of Singapore)
9 Raffles Place, #29-01
Republic Plaza Tower 1
Singapore 048619

6 January 2020

To: The Independent Directors of KTL Global Limited
(deemed to be independent in respect of the Proposed Disposal)

Lim Yeow Hua @ Lim You Qin	(Non-Executive Chairman and Lead Independent Director)
Liu Changsheng	(Executive Director)
Chong Eng Wee	(Independent Director)

Dear Sirs,

INDEPENDENT FINANCIAL ADVICE IN RELATION TO THE PROPOSED DISPOSAL OF 100.0% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KTL INVESTMENT PTE. LTD. AND KTL OFFSHORE PTE. LTD. AS INTERESTED PERSON TRANSACTIONS

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 6 January 2020 issued by KTL Global Limited to its shareholders ("**Circular**") shall have the same meaning herein.*

1. INTRODUCTION

On 22 August 2019, the board of directors ("**Directors**") of KTL Global Limited ("**KTL**" or "**Company**", together with its subsidiaries, "**Group**") announced that the Company had entered into a share sale and purchase agreement ("**SPA**") with Kim Teck Leong Pte. Ltd. ("**Purchaser**"), pursuant to which the Company will dispose ("**Proposed Disposal**") of 100.0% of the issued and paid-up share capital ("**Sale Shares**") of KTL Offshore Pte. Ltd. ("**KOPL**") and KTL Investment Pte. Ltd. ("**KIPL**") to the Purchaser, for an aggregate consideration of S$10,000 ("**Consideration**"). The Purchaser, a controlling shareholder of the Company, is an investment holding company incorporated under the laws of Singapore and is controlled by Mr Tan Tock Han, Mr Tan Kheng Kuan and Ms Shum Ching Yee (collectively, "**Tan Family**"), who are also controlling shareholders of the Company. The Consideration was arrived at on a willing buyer and willing seller basis between the Company and the Purchaser after taking into consideration, *inter alia*, the negative net tangible asset and net asset value ("**NAV**") of the Target Group (as defined below) as at 30 September 2019, being approximately S$20.3 million.

The Proposed Disposal will result in KOPL and KIPL ceasing to be subsidiaries of the Company. KOPL and KIPL are the holding companies of various subsidiaries and associated companies and will continue to hold their respective shareholding interests in these companies (collectively, together with KOPL and KIPL, "**Target Group**") which will also be sold to the Purchaser pursuant to the Proposed Disposal. Accordingly, the Company will also cease to have any interests in the various subsidiaries and associated companies of the Target Group following the completion of Proposed Disposal. Further details on the group structure of the Group and Target Group are set out in Paragraph 3 of this Letter (as defined below).

As at the Latest Practicable Date, the Purchaser holds a direct interest in 123,200,000 shares of the Company ("**Shares**"), representing approximately 39.0% of the total issued and paid-up share capital of the Company. Mr Tan Tock Han and Mr Tan Kheng Kuan are the directors of the Purchaser and together with Ms Shum Ching Yee are controlling shareholders of the Purchaser. Accordingly, they are deemed to have an interest in the 123,200,000 Shares held by the Purchaser by virtue of Section 7 of the Companies Act. Mr Tan Kheng Kuan is the Chief Executive Officer and Executive Director of the Company while Mr Tan Tock Han and Ms Shum Ching Yee are his father and sister in law respectively. Mr Tan Tock Han is also the former Executive Chairman and Director of the Company.

In addition to his deemed interests in the Company, Mr Tan Kheng Kuan also holds a direct interest in 977,756 Shares, representing approximately 0.3% of the total issued and paid-up share capital of the Company. In aggregate, Mr Tan Kheng Kuan holds a total shareholding interests of 124,177,756 Shares, representing approximately 39.3% of the total issued and paid-up share capital of the Company. Separately, Mr Tan Tock Han also holds a direct interest in 44,583,191 Shares, representing approximately 14.1% of the total issued and paid-up share capital of the Company. In aggregate, Mr Tan Tock Han holds a total shareholding interest of 167,783,191 Shares, representing approximately 53.2% of the total issued and paid-up share capital of the Company. Accordingly, the Purchaser is deemed an interested person ("**Interested Person**") within the meaning of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**") and the Proposed Disposal constitutes an interested person transaction ("**Interested Person Transaction**") as defined in Rule 904(5) of the Listing Manual.

Based on the Group's latest audited consolidated accounts for the financial year ("**FY**") ended 31 December 2018, the Group's latest net tangible assets attributable to owners of the Company ("**NTA**") amounted to approximately negative S$17.1 million. The Consideration of the Proposed Disposal amounts to S$10,000, which is less than 5.0% of the Group's latest audited NTA and is a value less than S$100,000. Notwithstanding the above, the Company had sought consultation with the SGX-ST for good order and understands that as the Group's latest audited NTA figure is a negative value, it is not considered to be a meaningful measure for the purposes of Rules 905 and/or 906 of the Listing Manual. Accordingly, Chapter 9 of the Listing Manual applies and the Company is required to appoint an independent financial adviser ("**IFA**") to advise the Independent Directors (as defined below) with respect to the Proposed Disposal as to whether the Proposed Disposal is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders ("**Independent Shareholders**").

RHT Capital Pte. Ltd. ("**RHTC**") has been appointed by the Company as the IFA to the Independent Directors (as defined below) to render an opinion on whether the Proposed Disposal, as an Interested Person Transaction, is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders. The Proposed Disposal will be subject to the approval of the shareholders of the Company ("**Shareholders**") at an extraordinary general meeting ("**EGM**") to be convened.

In relation to the ordinary resolution to be tabled at the EGM in connection with the Proposed Disposal, the Purchaser will abstain, and will procure that its associates and nominees, including Mr Tan Tock Han, Mr Tan Kheng Kuan and Ms Shum Ching Yee, abstain from voting in respect of their shareholdings in the Company on voting on the ordinary resolution. The Purchaser would also not accept any nomination as a proxy or otherwise for voting on the ordinary resolution unless they were given specific instructions as to voting.

In addition, Mr Tan Kheng Kuan will also abstain from making any recommendation on the Proposed Disposal as the Director. The remaining Directors, namely, Mr Lim Yeow Hua @ Lim You Qin, Mr Liu Changsheng and Mr Chong Eng Wee are deemed to be independent for the purpose of the Proposed Disposal ("**Independent Directors**").

This letter ("**Letter**") is prepared pursuant to Rule 921(4)(a) of the Listing Manual and addressed to the Independent Directors setting out, *inter alia*, our evaluation and recommendation on the Proposed Disposal as an Interested Person Transaction. This Letter forms part of the Circular to the Shareholders which provides, *inter alia*, the details of the Proposed Disposal and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

The purpose of this Letter is to provide an independent opinion, for the purpose of Chapter 9 of the Listing Manual, on whether the Proposed Disposal, as an Interested Person Transaction, is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Disposal nor involved in the deliberations leading up to the decision on the part of the Directors to enter into the Proposed Disposal. We do not, by this Letter, warrant the merits of the Proposed Disposal other than to form an opinion on the Proposed Disposal for the purposes of Chapter 9 of the Listing Manual.

In the course of our evaluation, we have relied on, and assumed without independent verification, the accuracy and completeness of published information relating to the Company. We have also relied on information provided and representations made by the Directors, the management of the Company ("**Management**") and the Company's advisers. We have not independently verified such information or any representation or assurance made by them, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for, the accuracy, completeness and adequacy of such information. We have nevertheless made such enquiries and exercised our judgement as we deemed necessary and have found no reason to doubt the reliability of the information.

We have relied upon the assurance of the Directors (including those who may have delegated detailed supervision of the Circular) that, upon making all reasonable inquiries and to the best of their respective knowledge and belief, all facts stated and opinions expressed in the Circular which relate to the Proposed Disposal and the Company are fair and accurate and that there are no material facts or omissions of which would make any statement in the Circular misleading in any material respect. The Directors collectively and individually accept responsibility accordingly.

For the purposes of assessing the terms of the Proposed Disposal and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Target Group, the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Target Group, the Company and/or the Group in connection with our opinion in this Letter.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Target Group, the Company and/or the Group (including without limitation, property, plant and equipment). We have, however, been furnished with the following:

(i) the valuation report dated 26 December 2019 ("**AVA Valuation Report**") in respect of the independent valuation of the 100.0% equity interest in KOPL and KIPL as at 30 June 2019 ("**Valuation Date**") prepared by AVA Associates Limited ("**Independent Valuer**"), being the Independent Valuer appointed by the Company for the purposes of the Proposed Disposal ("**Independent Valuation**"). Further details on the Independent Valuation are set out in Paragraph 5.2.2 of this Letter and a summary of the AVA Valuation Report is set out in Appendix II to the Circular;

(ii) the valuation report dated 24 September 2019 in respect of the independent valuation of the Investment Properties (as defined herein) and KL Sales Office (as defined herein) as at 19 September 2019 prepared by Jordan Lee & Jaafar Sdn Bhd ("**JLJ**"), a licensed property valuer in Malaysia; and

(iii) the valuation report dated 24 January 2019 in respect of the independent valuation of the Vacant Leasehold Land (as defined herein) and Leasehold Land (as defined herein) as at 22 January 2019 prepared by PA International Property Consultants Sdn Bhd ("**PA International**"), a licensed property valuer in Malaysia,

(collectively, "**Valuation Reports**").

We are not experts in the evaluation or appraisal of the assets or business concerned and we have placed sole reliance on the Valuation Reports for such appraisals and have not made independent verification on the contents thereof.

As such, we will be relying on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Target Group, the Company and/or the Group. We have not relied on any financial projections or forecasts in respect of the Target Group, the Company and/or the Group for the purpose of our evaluation of the Proposed Disposal.

Our opinion as set out in this Letter is based upon the market, economic, industry, monetary and other conditions in effect on, and the information provided to us as of 26 December 2019 ("**Latest Practicable Date**"). Such conditions may change significantly over a relatively short period of time. **We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.** Shareholders should further take note of any announcements relevant to their consideration of the Proposed Disposal which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax status, risk profiles or unique needs and constraints of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we advise the Independent Directors to recommend that any individual Shareholder who may require specific advice in relation to his investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

The Company has been separately advised by its own advisers in the preparation of the Circular (other than this Letter set out in the Circular). Accordingly, we take no responsibility for and express no views, expressed or implied, on the contents of the Circular (other than this Letter set out in the Circular).

This Letter sets out, *inter alia*, our opinion on whether the Proposed Disposal, as an Interested Person Transaction, is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders, and should be considered in the context of the entirety of this Letter and the Circular.

3. INFORMATION ON THE COMPANY AND THE TARGET GROUP

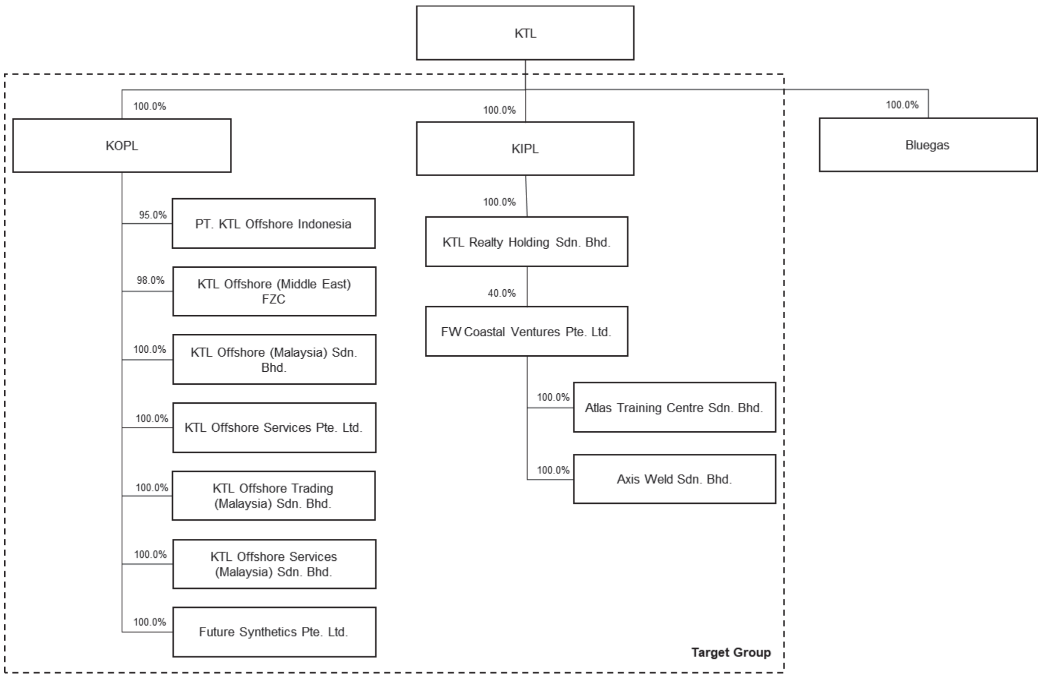
3.1 Information on the Company

The Company is a leading solutions provider for heavy lift and rigging equipment and related services to the offshore oil & gas, marine and construction industries. The Group is also involved in the development of its synthetic product business comprising the production of synthetic slings and synthetic ropes which is presently loss making due to the high barrier to entry.

Accordingly, in addition to the continued development in its synthetic products, the Group had also explored other business opportunities. As announced on 29 November 2018, the Company had entered into a joint venture agreement with a partner ("**JV Partner**") to establish a company, Bluegas Private Limited ("**Bluegas**"), with principal activities of trading natural gas-related equipment and products, and the provision of other related products and services. Pursuant to the joint venture agreement, the Company holds an equity interest of 80.0% while the JV Partner holds an equity interest of 20.0% in Bluegas.

Since the joint venture, Bluegas has commenced business in January 2019 and has secured several contracts generating revenue for the Group. Following the completion of the Proposed Disposal, Bluegas will become the sole subsidiary and business of the Group.

As at the Latest Practicable Date, the group structures of the Group and Target Group are as follows:



As set out in the Company's annual report for FY2018, in view of KIPL's investment in FW Coastal Ventures Pte. Ltd. ("**FW Coastal**") which has ceased operations in July 2017, the Group had recognised a full impairment loss against its investment in its profit and loss for FY2017. KIPL is in the process of negotiating with the other shareholders to liquidate FW Coastal which wholly owns Atlas Training Centre Sdn. Bhd. ("**Atlas Training**") and Axis Weld Sdn. Bhd. ("**Axis Weld**"). Notwithstanding the above, based on the latest available unaudited financial statement prior to the ceasing of operations in 2017, we understand that FW Coastal recorded a net liability position of approximately S$1.3 million and negative working capital position of approximately S$3.4 million as at 30 June 2016.

In respect of the financial performance and position of the Group, we note that the Group has incurred net losses of S$14.3 million, S$29.6 million and S$19.6 million for FY2016, FY2017 and FY2018 respectively while recording a net profit of S$2.5 million for the nine (9) months ("**9M**") financial period ended 30 September 2019. As at 30 September 2019, the Group recorded a net liability position of approximately S$14.2 million and negative working capital position of approximately S$27.6 million. We understand that the improvement in the net profit of the Group for 9M2019 was mainly attributable to the business of Bluegas.

3.2 Information on the Target Group

The details on the Target Group have been set out in Section 2.2 of the Circular. The key information is extracted and reproduced in italics below:

*"**2.2 Information on KIPL and KOPL***

2.2.1 KIPL is a private company limited by shares incorporated in Singapore on 27 May 2011. As at the Latest Practicable Date, KIPL has an issued and paid-up share capital of S$1,000 comprising 1,000 ordinary shares, entirely held by the Company. KIPL is a wholly-owned subsidiary of the Company and is engaged in the business of investment holding. The director of KIPL is Tan Kheng Kuan.

2.2.2 KOPL is a private company limited by shares incorporated in Singapore on 21 April 1973. As at the Latest Practicable Date, KOPL has an issued and paid-up share capital of S$27,044,521 comprising 22,502,134 ordinary shares, entirely held by the Company. KOPL is a wholly-owned subsidiary of the Company and is engaged in the business of trading of rigging equipment and related services. The directors of KOPL are Tan Kheng Kuan and Tan Tock Han…..

*2.2.3 KOPL and KIPL, are the holding companies of various subsidiaries and associated companies which will also be sold to the Purchaser pursuant to the Proposed Disposal. KOPL and KIPL, together with such subsidiaries and associated companies, shall hereinafter be collectively referred to as the "**Target Group**"…..*

Name of company	*Proportion of ownership interest held by the Company*	*Principal business activity(ies)*	*Net asset value as at 30 September 2019 (Approximately)*
Subsidiaries Held through KOPL			
PT. KTL Offshore Indonesia	*95%*	*Inspection and certification of lifting equipment and certification of wire ropes*	*S$0.64 million*
KTL Offshore (Middle East) FZC	*98%*	*Trading of rigging equipment and related services*	*S$2.30 million*
KTL Offshore (Malaysia) Sdn. Bhd.	*100%*	*Trading of rigging equipment and related services*	*S$14.41 million (Negative)*
KTL Offshore Services Pte. Ltd.	*100%*	*Inspection and certification of lifting equipment and certification of wire ropes*	*Nil*
KTL Offshore Trading (Malaysia) Sdn. Bhd.	*100%*	*Trading of rigging equipment*	*S$0.01 million*
KTL Offshore Services (Malaysia) Sdn. Bhd.	*100%*	*Provision of services to customers mainly in the offshore, oil and gas and marine industries*	*S$0.01 million (Negative)*
Future Synthetics Pte. Ltd.	*100%*	*Developing and advancing the technology of synthetics material for use in the manufacture of heavy lift synthetics slings*	*S$0.70 million (Negative)*

Subsidiaries Held through KIPL			
KTL Realty Holding Sdn. Bhd.	*100%*	*Property investment*	*S$0.65 million (Negative)*
Associates Held through KIPL			
*FW Coastal Ventures Pte. Ltd. ("**FWPL**")*	*40%*	*Engaging in service activities incidental to oil and gas extraction*	*FWPL ceased operations in July 2017. No financial information is available and KIPL is in the process of negotiating with other shareholders of FWPL to liquidate FWPL.*
Associates Held through FWPL			
Atlas Training Centre Sdn. Bhd. (a wholly owned subsidiary of FWPL)	*40%*	*Providing training for offshore oil and gas, commercial maritime and energy resource industries*	*Atlas Training Centre Sdn. Bhd. ceased operations in July 2017. No financial information is available and KIPL is in the process of negotiating with other shareholders of FWPL to liquidate Atlas Training Centre Sdn. Bhd..*
Axis Weld Sdn. Bhd. (a wholly owned subsidiary of FWPL)	*40%*	*Providing welding training courses, welding test and qualifies welders for offshore oil and gas industry*	*Axis Weld Sdn. Bhd. ceased operations in July 2017. No financial information is available and KIPL is in the process of negotiating with other shareholders of FWPL to liquidate Axis Weld Sdn. Bhd..*

2.2.5 KOPL and KIPL are in a net liability position mainly because the oil and gas market that they operate in is still characterised by an oversupply of goods and service providers and fluctuating oil prices. As such, they have recorded losses for the past three (3) years and continue to be in a net liability position.

2.2.6 Impairment losses on property, plant and equipment have been provided for the Target Group for the past three (3) years and have been consolidated as part of the Group's financial results. Details of the impairment losses on property, plant and equipment are: (a) nil for the financial year ending 30 June 2016, (b) S$7.77 million for the financial year ending 30 June 2017 and (c) S$2.97 million for the financial year ending 31 December 2018. Accordingly, the accumulated impairment for property, plant and equipment as at 31 December 2018 and 30 September 2019 was S$10.75 million. Impairment of investment in subsidiaries and intercompany loans are only made at the Company level and therefore not consolidated as part of the Group's financial results. Details of the impairment losses for investment in subsidiaries and intercompany loans are set out in the tables below:

A) Impairment loss on Investment in Subsidiaries[(1)]

	31-Dec-18	***30-Jun-17***	***30-Jun-16***
Unquoted equity shares, at cost	***S$'000***	***S$'000***	***S$'000***
- KTL Offshore Pte. Ltd.	*13,160*	*13,160*	*13,160*
- KTL Investment Pte. Ltd.	*1*	*1*	*1*
- Bluegas Private Limited	*50*	*-*	*-*
	13,211	*13,161*	*13,161*
Less: Impairment loss	*(13,160)*	*-*	*-*
	51	*13,161*	*13,161*

Accumulated impairment loss			
At beginning of the year	*-*	*-*	*-*
Additions	*(13,160)*	*-*	*-*
At end of the year	*(13,160)*	*-*	*-*
B) Amount due from subsidiaries (2)(3)			
- Non-current	*10,569*	*6,961*	*741*
- Current	*5,933*	*5,970*	*12,997*
	16,502	*12,931*	*13,738*
Less: Impairment loss	*(16,502)*	*-*	*-*
	-	*12,931*	*13,738*

Notes:

(1) "Investment in subsidiaries" is classified as a non-financial asset for the purposes of determining impairment. In this regard, in view of the Group's loss-making position, the Company's management had performed an impairment assessment based on the discounted cash flow projection of the relevant cash generating unit to determine its value-in-use.

(2) "Amount due from subsidiaries" is classified as a financial asset for the purposes of determining impairment. In this regard, the Group had to determine whether there was objective evidence that an impairment loss on financial assets has been incurred, and in doing so, it considered factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. These amounts represented loans from the Company to the Target Group.

(3) These loans have since been capitalised subsequent to 31 December 2018. Accordingly, there are no outstanding loans from the Company to the Target Group currently. The amount of S$16.5 million was loaned by the Company to provide financing support to the Target Group: S$5.9 million related to the outstanding management fees payable to the Company and S$10.6 million was used for the repayment of bank borrowings, payments to suppliers and general working capital for the Target Group. The Target Group was unable to repay such amounts due as it has been loss-making for the past three (3) years.

*As at 3Q2019, the amounts owing by the Company to KOPL is approximately S$40,595 (the "**Intercompany Loans**") and there are no amounts owing between the Company and KIPL. As at the Latest Practicable Date, the Intercompany Loans have been fully repaid.*

2.2.7 The Company's management has been working closely with its auditors every year in performing the impairment loss assessment, and the methodologies used in such assessment are based on the requirements prescribed by the relevant accounting standards. Accordingly, the Board is of the opinion that the methodologies used to determine the value of the impairment loss are reasonable."

Further details on the group structure and the financial performance and position of the Target Group are set out in Paragraphs 3.1 and 5.2.1 of this Letter respectively.

4. PRINCIPAL TERMS OF THE PROPOSED DISPOSAL

The details of the Proposed Disposal are set out in Section 2.5 of the Circular. A summary of the principal terms of the Proposed Disposal is set out below for your reference.

4.1 Consideration

The details of the Consideration for the Proposed Disposal which has been set out in Section 2.5.2 of the Circular are extracted and reproduced in italics below:

*"**2.5.2 Consideration***

The total consideration payable by the Purchaser to the Company for the disposal of the Sale Shares is S$10,000. The Consideration will be satisfied wholly in cash and shall be payable on the completion date of the Proposed Disposal.

The Consideration was arrived at on a willing-buyer and willing-seller basis, taking into consideration the negative NTA and NAV value attributable to the Target Group of approximately S$20.3 million as at the end of 3Q2019."

4.2 Conditions Precedent

The conditions precedent for the Proposed Disposal which have been set out in Section 2.5.3 of the Circular are extracted and reproduced in italics below:

*"**2.5.3 Conditions Precedent***

The completion of the Proposed Disposal is conditional upon following being satisfied (or waived, if capable of being waived) by 29 November 2020:

(a) all approvals of the board of directors of the Company having been obtained for the entry into and completion of, the transactions contemplated to be entered into the SPA;

(b) all approvals of the board of directors of the Purchaser having been obtained for the entry into and completion of, the transactions contemplated to be entered into the SPA;

(c) all approvals of the board of directors of KOPL and KIPL having been obtained for (aa) the sale and transfer of all of the Sale Shares to the Purchaser (or its nominee(s)) and (bb) the issue of new share certificates in respect of the Sale Shares to the Purchaser (or its nominee(s));

(d) the approval of the Shareholders in general meeting and the SGX-ST having been obtained for the entry into and completion of the transactions contemplated to be entered into in the SPA;

(e) the discharge of all existing corporate guarantees previously executed and/or extended by the Company to banks in connection with bank borrowings of KOPL and KIPL;

(f) an opinion from the independent financial adviser appointed by the Company that the Proposed Disposal is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders; and

(g) all other necessary consents or approvals, if any, from third parties or governmental or regulatory bodies or competent authorities having jurisdiction over the sale of the Sale Shares (including without limitation but only where required, by the SGX-ST and the relevant licensing authorities) and where any such consent or approval is subject to any conditions, such conditions being reasonably acceptable to the party on which they are imposed, and if such conditions are required to be fulfilled before completion, such conditions being fulfilled before completion, as the case may be, and such consents or approvals not being revoked or repealed on or before completion, as the case may be.

As at the date of this Circular, the conditions precedent set out in paragraphs 2.5.3(a), (b), (c) and (f) above have been satisfied. Save for the approval of the Shareholders in general meeting and the discharge of all existing corporate guarantees (which the Company is in the process of arranging), the Company is not aware of any other consents, approvals or material conditions which are required to be obtained or fulfilled in order for the completion of the Proposed Disposal to take place. In the event that any material conditions are imposed after the date of this Circular, the Company will disclose the same to the Shareholders via SGXNET."

5. EVALUATION OF THE PROPOSED DISPOSAL

In our evaluation of the Proposed Disposal, we have given due consideration to, *inter alia*, the following key factors:

(i) rationale for the Proposed Disposal;

(ii) financial assessment of the terms of the Proposed Disposal;

(iii) financial effects of the Proposed Disposal; and

(iv) other relevant considerations in relation to the Proposed Disposal.

5.1 Rationale for the Proposed Disposal

The rationale for the Proposed Disposal which has been set out in Section 2.4 of the Circular is extracted and reproduced in italics below:

*"**2.4 Rationale of the Proposed Disposal***

Despite the implementation of cost-cutting measures, KOPL and KIPL have been loss-making in recent years since 2016 due to challenging conditions in the oil and gas industry. The Group expects the oil and gas industry to remain challenging due to an oversupply of goods and service providers and fluctuating oil prices.

The Group has been developing its synthetic product business through Future Synthetics Pte. Ltd. (a wholly-owned subsidiary of KOPL). The synthetic products business commenced three (3) years ago and mainly comprises the production of synthetic slings and synthetic ropes. However, as the entry level for such synthetic products is significantly higher than the traditional wire-rope products and the market takes time to accept and adopt such products, the business is still in the loss-making position.

Accordingly, in addition to the continued development of such synthetic product business, the Group had explored other business opportunities in order to improve its revenue stream and financial position. In this regard, as previously announced on SGXNET, it had entered into a joint venture with a partner to invest in Bluegas (now an 80% subsidiary of the Company), which is in the businesses of trading of natural gas and related equipment and products and providing branding, technical, operation and procurement services. Bluegas is currently in the process of obtaining approvals required for the trading of natural gas and related equipment and products. As this takes time, it currently focuses on the business of providing branding, technical, operation and procurement services to further enhance its financial position in the meantime.

*Bluegas provides such branding, technical, operation and procurement services to its customers in the People's Republic of China ("**PRC**"), who are currently mainly in the medical supplies and consumables industries. In particular, it engages in central procurement of medical supplies and consumables, thereafter providing branding management, technical assistance to and enhancing efficiency and effectiveness in the operating of integrated pharmaceutical smart vending equipment in various operating sale points (mainly medical clinics and hospitals) in the PRC. In connection with this, as previously announced on SGXNET, Bluegas has as at the Latest Practicable Date, entered into six (6) branding, technical, operation and procurement services agreements with certain utility operators. As at the Latest Practicable Date, Bluegas has received payments amounting to RMB26,500,000 (equivalent to approximately S$5,300,000) pursuant to such agreements. Bluegas continues to explore providing equipment-related branding, technical, operation and procurement services to industries other than the medical supplies and consumables industries.*

The financial performance and key financial information of Bluegas (taking into account the operating expenses at the Company level) is set out in the table below:

	From January 2019 to 30 September 2019
Statement of Profit or Loss (S$ Million)	
Revenue	*8.21*
Gross profit/(loss)	*7.03*
Net attributable profit	*6.67*
Statement of financial position (S$ Million)	
Non-current assets	*Nil*
Current assets[(1)]	*8.23*
Non-current liabilities	*Nil*
Current liabilities	*1.56*
Shareholders' equity attributable to owners of the Company	*5.35*

Note:

(1) The breakdown of the current assets is as follows: (a) account receivables of S$2.96 million; (b) deposit, prepayment and other receivables of S$0.01 million; (c) amount due from the Company of S$5.01 million; and (d) cash and bank balance of S$0.25 million.

Furthermore, as at 3Q2019, the amount of loans, liabilities and/or borrowings owing by KOPL to (i) the banks and (ii) the Purchaser and/or the Tan Family are (i) S$26.5 million and (ii) S$12.7 million respectively. The loans were taken up by KOPL mainly for the repayment of bank borrowings, payment to suppliers and for its general working capital. In the event that the banks, the Purchaser and/or the Tan Family enforces and/or calls on any such loans, liabilities and/or borrowings, it would be extremely challenging for the Group to make repayment of such amounts and this would increase the strain on the Group's financial resources.

It is also noted that based on the latest announced consolidated financial statements of the Group as at the end of 3Q2019, the Group is currently in a negative NTA position. As detailed in paragraph 2.8 below and based on the assumptions therein, completion of the Proposed Disposal would result in a positive NTA for the Group.

Pursuant to the Proposed Disposal, the Company and the Purchaser have also agreed to do all such acts and things as may be required and/or necessary to discharge any and all existing corporate guarantees (amounting to S$30.92 million) previously executed and/or extended by the Company to banks in connection with bank borrowings of KOPL and KIPL. This is a condition precedent to the Proposed Disposal, as indicated in paragraph 2.5.3 below. For the avoidance of doubt, there are no bank borrowings of the subsidiaries and/or associated companies of KOPL and KIPL for which the Company had granted corporate guarantees.

The Company's management and the Tan Family have commenced discussions with the various banks on discharging the existing corporate guarantees and have so far received positive responses from such banks. Such discussions include exploring the possibility for the Tan Family and/or the Purchaser to furnish replacement guarantee(s) in connection with KOPL's and KIPL's existing bank borrowings.

As at 3Q2019, the bank borrowings of KOPL and KIPL are as follows:

Name of subsidiary	***Name of Bank(s)***	***Amount outstanding (Approximately)***	***Nature of borrowings***
KOPL	*DBS*	*S$1.34 million*	*Trade facilities and repayment of demand*
KOPL	*UOB*	*S$3.05 million*	*Trade facilities and repayment of demand*
KOPL	*DBS and UOB*	*S$12.63 million*	*Syndicated loans from April 2016*
KOPL	*UOB*	*S$0.13 million*	*MML loan from September 2019*
KOPL	*CIMB*	*S$2.61 million*	*Property loan from July 2014*
KOPL	*UOB*	*S$5.0 million*	*Bridging loan from March 2017*
KOPL	*UOB*	*S$0.63 million*	*Hire Purchase from April 2016*
KOPL	*DBS & MB Financial*	*S$0.20 million*	*Hire Purchase from March 2015*
KIPL	*Maybank*	*S$0.86 million*	*Property loan from December 2014*
KTL Malaysia	*Hap Seng Credit*	*S$0.08 million*	*Hire Purchase from May 2016*

The existing bank borrowings are only at the KOPL and KIPL and its subsidiaries level, and the Company and Bluegas have nil bank borrowings. Accordingly, upon completion of the Proposed Disposal and the discharge of such corporate guarantees, the Group will have nil bank borrowings.

In view of the above, the Company notes that the Proposed Disposal is beneficial to the Group's continued development and operations as it will result in a substantial reduction in losses, a significant lowering of liabilities and a cash inflow. Further, as KOPL and KIPL are loss-making and in a weak financial position, the Board is of the view that the Proposed Disposal is in the best interests of the Company and its Shareholders."

5.2 Financial assessment of the terms of the Proposed Disposal

In assessing the terms of the Proposed Disposal, we have considered the following:

(i) financial performance and position of the Target Group;

(ii) independent valuation of the Target Group; and

(iii) revalued net asset value ("**RNAV**") of the Target Group.

5.2.1 Financial performance and position of the Target Group

Financial performance of the Target Group

The unaudited financial performance of the Target Group for FY2016, FY2017, FY2018, 9M2018 and 9M2019 are presented in the table below:

(S$'000)	FY2016(1)	FY2017(1)	Adjusted FY2017(2)	FY2018(1)	9M2018	9M2019
Revenue	41,961	30,882	51,298	53,803	23,289	19,603
Cost of sales	(34,872)	(31,805)	(49,444)	(46,349)	(19,431)	(15,000)
Gross profit / (loss)	**7,089**	**(923)**	**1,854**	**7,454**	**3,858**	**4,603**
Other operating income	1,893	1,966	2,748	2,414	677	799
Administrative expenses	(13,580)	(12,000)	(17,874)	(15,570)	(7,876)	(5,400)
Selling and distribution expenses	(3,348)	(2,565)	(3,816)	(3,694)	(1,866)	(1,534)
Other operating expenses	(4,871)	(11,020)	(11,076)	(6,676)	(2,884)	(452)
Share of results of joint ventures	(910)	(228)	(228)	-	-	25
Share of results of associates	(669)	44	44	-	-	-
Finance costs	(1,604)	(1,360)	(2,134)	(2,493)	(1,276)	(1,280)
Loss before tax	**(16,000)**	**(26,086)**	**(30,482)**	**(18,565)**	**(9,367)**	**(3,239)**
Income tax credit / (expense)	1,674	356	356	(1,121)	42	(90)
Loss for the year / period	**(14,326)**	**(25,730)**	**(30,126)**	**(19,686)**	**(9,325)**	**(3,329)**
Loss attributable to:						
Equity holders of the Target Group	(14,245)	(25,706)	(30,115)	(19,725)	(9,337)	(3,342)
Non-controlling interests	(81)	(24)	(11)	39	12	13

Sources: Unaudited financial statements of the Target Group for FY2016, FY2017, FY2018, 9M2018 and 9M2019

Notes:

(1) On 29 June 2018, the Group including the Target Group changed its financial year end from 30 June to 31 December. Accordingly, the financial period for FY2018 covers a period of 18 months from 1 July 2017 to 31 December 2018 while the financial period for FY2016 and FY2017 covers a period of 12 months from 1 July 2015 to 30 June 2016 and 1 July 2016 to 30 June 2017 respectively.

(2) For comparative purposes, the financial period for the adjusted FY2017 covers a period of 18 months from 1 July 2016 to 31 December 2017 ("**Adjusted FY2017**").

Review of operating results

FY2016 vs FY2017

Revenue decreased by S$11.1 million or approximately 26.4% from S$42.0 million in FY2016 to S$30.9 million in FY2017. The decrease was mainly due to a decrease in revenue generated across the Target Group's business segments.

Gross profit decreased from S$7.1 million in FY2016 to a gross loss of S$0.9 million in FY2017. The decrease was mainly due to allowances for inventory obsolescence and inventory write-off made in the last quarter of FY2017.

Other operating income increased by S$0.1 million or approximately 3.9% from S$1.9 million in FY2016 to S$2.0 million in FY2017. The increase was mainly due to an increase in sundry income.

Administrative expenses decreased by S$1.6 million or approximately 11.6% from S$13.6 million in FY2016 to S$12.0 million in FY2017. The decrease was mainly due to lower staff remuneration.

Selling and distribution expenses decreased by S$0.8 million or approximately 23.4% from S$3.3 million in FY2016 to S$2.5 million in FY2017. The decrease was mainly due to a decrease in salaries, travelling allowance, advisement, entertainment expenses and commission expenses.

Other operating expenses increased by S$6.1 million or approximately 126.2% from S$4.9 million in FY2016 to S$11.0 million in FY2017. The increase was mainly due to an increase in impairment of plant and equipment and impairment in investment in a joint venture and an associate partly offset by a decrease in allowance for doubtful debt.

Share of results of joint ventures increased mainly due to the Target Group ceasing its share of results from a joint venture as the joint venture company was in the process of voluntary liquidation.

Share of results of associates increased mainly due to the profit recorded by an associate in the Republic of Korea.

Finance costs decreased by S$0.2 million or approximately 15.2% from S$1.6 million in FY2016 to S$1.4 million in FY2017. The decrease was mainly due to lower cost of borrowings as a result of the refinancing of the borrowings of the Target Group.

As a result of the above, the loss for the year attributable to equity holders of the Target Group increased by S$11.5 million or approximately 80.5% from S$14.2 million in FY2016 to S$25.7 million in FY2017.

Adjusted FY2017 vs FY2018

Revenue increased by S$2.5 million or approximately 4.9% from S$51.3 million in Adjusted FY2017 to S$53.8 million in FY2018. The increase was mainly due to an increase in revenue generated across the Target Group's business segments.

Gross profit increased by S$5.6 million or approximately 302.0% from S$1.9 million in Adjusted FY2017 to S$7.5 million in FY2018. The increase was mainly due to the higher revenue from the Target Group's services segment which generated higher gross profit margin.

Other operating income decreased by S$0.3 million or approximately 12.2% from S$2.7 million in Adjusted FY2017 to S$2.4 million in FY2018. The decrease was mainly due to a decrease in rental and sundry income partly offset by an increase in bad debts recovered, reversal of impairment in investment in joint venture and commission income.

Administrative expenses decreased by S$2.3 million or approximately 12.9% from S$17.9 million in Adjusted FY2017 to S$15.6 million in FY2018. The decrease was mainly due to a decrease in rental expenses, property tax and depreciation expenses partly offset by an increase in salary and directors' remuneration, bonus expenses, consultancy expenses and insurance expenses.

Selling and distribution expenses decreased by S$0.1 million or approximately 3.2% from S$3.8 million in Adjusted FY2017 to S$3.7 million in FY2018. The decrease was mainly due to a decrease in entertainment and travelling related expenses and sales salary expenses partly offset by an increase in commission expenses.

Other operating expenses decreased by S$4.4 million or approximately 39.7% from S$11.1 million in Adjusted FY2017 to S$6.7 million in FY2018. The decrease was mainly due to a decrease in impairment of property, plant and equipment (including leasehold equipment), impairment in investment in an associate and a joint venture and allowance for doubtful debts partly offset by a one-off compensation incurred due to the early termination of the lease of the Target Group's former registered office and increase in foreign exchange losses.

Share of results of joint ventures increased mainly due to the voluntary liquidation of the joint venture company.

Share of results of associates decreased mainly due to the disposal of the investment company in 2017.

Finance costs increased by S$0.4 million or approximately 16.8% from S$2.1 million in Adjusted FY2017 to S$2.5 million in FY2018. The increase was mainly due to higher cost of borrowings from fixed rate loans and bill payables interest rates pegged to SIBOR and LIBOR.

As a result of the above, the loss for the year attributable to equity holders of the Target Group decreased by S$10.4 million or approximately 34.5% from S$30.1 million in Adjusted FY2017 to S$19.7 million in FY2018.

9M2018 vs 9M2019

Revenue decreased by S$3.7 million or approximately 15.8% from S$23.3 million in 9M2018 to S$19.6 million in 9M2019. The decrease was mainly due to a decrease in revenue generated across the Target Group's business segments.

Gross profit increased by S$0.7 million or approximately 19.3% from S$3.9 million in 9M2018 to S$4.6 million in 9M2019. The increase was mainly due to a decrease in cost of sales attributed by lower rental expenses, depreciation expenses and salary expenses which resulted in higher gross profit margin.

Other operating income increased by S$0.1 million or approximately 18.0% from S$0.7 million in 9M2018 to S$0.8 million in 9M2019. The increase was mainly due to the write back of an investment in a joint venture.

Administrative expenses decreased by S$2.5 million or approximately 31.4% from S$7.9 million in 9M2018 to S$5.4 million in 9M2019. The decrease was mainly due to a decrease in depreciation expenses and rental expenses.

Selling and distribution expenses decreased by S$0.4 million or approximately 17.8% from S$1.9 million in 9M2018 to S$1.5 million in 9M2019. The decrease was mainly due to a decrease in salary expenses.

Other operating expenses decreased by S$2.4 million or approximately 84.3% from S$2.9 million in 9M2018 to S$0.5 million in 9M2019. The decrease was mainly due to compensation incurred for the early termination of the lease of the Target Group's former registered office.

Finance costs increased slightly due to a higher cost of borrowings.

As a result of the above, the loss for the year attributable to equity holders of the Target Group decreased by S$6.0 million or approximately 64.2% from S$9.3 million in 9M2018 to S$3.3 million in 9M2019.

Financial position of the Target Group

The unaudited financial position of the Target Group as at 30 September 2019 is presented in the table below:

(S$'000)	As at 30 September 2019
Non-current assets	
Property, plant and equipment	10,534
Prepaid land lease	2,981
Investment properties	1,654
Other receivables, deposits and prepayments	401
Total non-current assets	**15,570**
Current assets	
Inventories	12,024
Trade receivables	6,016
Other receivables, deposits and prepayments	1,288
Cash and bank balances	246
Total current assets	**19,574**
Total assets	**35,144**
Current liabilities	
Trade payables	3,825
Bills payables	4,399
Other payables and accruals	10,742
Loan from controlling shareholders[(1)]	12,665
Interest-bearing loans and borrowings	21,702
Income tax payable	7
Total current liabilities	**53,340**
Non-current liabilities	
Other payables	1,638
Interest-bearing loans and borrowings	443
Total non-current liabilities	**2,081**

Note:

(1) We understand that the controlling shareholders refer to the Purchaser and members of the Tan Family, namely, Mr Tan Tock Han and Mr Tan Kheng Kuan.

(S$'000)	As at 30 September 2019
Total liabilities	**55,421**
Net (liabilities)	**(20,277)**
Equity	
Share capital	29,663
Reserves	(50,035)
Equity attributable to equity holders of the Target Group	(20,372)
Non-controlling interests	95
Total (deficit)	**(20,277)**

Source: Unaudited financial statements of the Target Group for 9M2019

Review of financial position

The assets of the Target Group as at 30 September 2019 comprised mainly: (i) inventories of S$12.0 million; (ii) property, plant and equipment of S$10.5 million; (iii) trade receivables of S$6.0 million; and (iv) prepaid land lease of S$3.0 million, representing approximately 34.2%, 30.0%, 17.1% and 8.5% of the total assets respectively.

The property, plant and equipment comprised mainly leasehold building, plant and machinery and motor vehicles. The leasehold building refers to properties utilised by the Target Group for internal use, namely: (i) a leasehold building in Sharjah, United Arab Emirates ("**ME Property**") owned by KTL Offshore (Middle East) FZC ("**KTLME**"); (ii) an office unit at KL Trillion in Kuala Lumpur, Malaysia ("**KL Sales Office**") owned by KTL Reality Holding Sdn. Bhd. ("**KTLR**"); and (iii) a leasehold land in Johor Bahru, Malaysia ("**Leasehold Land**") owned by KTL Offshore (Malaysia) Sdn. Bhd. ("**KTLMY**"). We understand that the KL Sales Office is currently utilised by KTL Offshore Trading (Malaysia) Sdn. Bhd. ("**KTLTMY**") as a sales office while the Leasehold Land is currently utilised by KTLMY for the location of its factory.

The prepaid land lease comprised mainly of a vacant piece of leasehold land in Johor Bahru, Malaysia ("**Vacant Leasehold Land**") owned by KTLMY. The investment properties comprised of three (3) office units at KL Trillion in Kuala Lumpur, Malaysia ("**Investment Properties**") owned by KLTR. We understand that all the properties owned by the Group are non-revenue generating, save for the KL Sales Office, which is rented to KTLTMY as an intercompany transaction.

The liabilities of the Target Group as at 30 September 2019 comprised mainly: (i) current interest-bearing loans and borrowings of S$21.7 million; (ii) loan from controlling shareholders, being the Purchaser and members of the Tan Family, namely, Mr Tan Tock Han and Mr Tan Kheng Kuan, of S$12.7 million; (iii) other payables and accruals of S$10.7 million; and (iv) bill payables to banks of S$4.4 million, representing approximately 39.2%, 22.9%, 19.4% and 7.9% of the total liabilities respectively.

The current interest-bearing loans and borrowings comprised of bank loans and finance lease obligations.

The other payables and accruals comprised mainly accrued expenses and other payables relating to compensation payable due to the early termination of the lease of the Target Group's former registered office and loans from third parties.

As at 30 September 2019, the Target Group recorded a net liability position of approximately S$20.3 million.

Impairment provision of the Target Group

We set out below details of the impairment provision of the Target Group for FY2016, FY2017 and FY2018:

(S$'000)	As at 30 June 2016	As at 30 June 2017	As at 31 December 2018
Allowance for impairment on amounts due from associate and joint venture companies	1,165	984	-
Allowance for doubtful debts	3,008	280	-
Impairment loss on investment in a joint venture	7	23	-
Impairment loss on investment in associates	-	1,500	-
Impairment loss on plant and equipment	-	7,772	2,974
Plant and equipment written off	-	770	187
Lease termination expense	-	-	2,708
	4,180	**11,329**	**5,869**

We understand that the Management works closely with the Target Group's auditors every year in performing the impairment loss assessment, and the methodologies used in such assessment are based on the requirements prescribed by the relevant accounting standards. Accordingly, the Board is of the opinion that the methodologies used to determine the value of the impairment loss are reasonable. Further, the Board has confirmed that, to the best of their knowledge and belief, that there are no impairment losses as at the Latest Practicable Date which are likely to have a material impact on the unaudited NAV of the Target Group as at 30 September 2019.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the future profitability, growth prospects, financial positions and working capital sufficiency of the Target Group.

5.2.2 Independent valuation of the Target Group

In connection with the Proposed Disposal, the Company had commissioned AVA Associates Limited, the Independent Valuer, to undertake an Independent Valuation of the Target Group as at the Valuation Date, 30 June 2019.

As at 30 June 2019, the Target Group recorded a net liability position of approximately S$18.8 million including a loan due to shareholders, being the Purchaser and members of the Tan Family, namely, Mr Tan Tock Han and Mr Tan Kheng Kuan, of S$14.5 million ("**Shareholder's Loans**"). In computing the Independent Valuation of the Target Group, the Independent Valuer had not treated the Shareholder's Loans as quasi-equity but have treated them as liabilities that are payable on demand. As at 30 September 2019, we understand that S$1.8 million of the Shareholder's Loan has been repaid and accordingly the Shareholder's Loans amounted to approximately S$12.7 million.

The Independent Valuation of the Target Group was determined to be NIL as at the Valuation Date. Further details on the Independent Valuation are set out in a summary of the AVA Valuation Report in Appendix II to the Circular.

Valuation basis

The Independent Valuer had valued the Target Group at market value, which is defined in the AVA Valuation Report in relation to the Independent Valuation of the Target Group as follows: "*The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.*"

The Independent Valuer had conducted the Independent Valuation in accordance with the International Valuation Standards (2017) issued by the International Valuation Standards Committee. The Independent Valuer had considered the historical and forecast financials of the Target Group as well as its prospects and held discussions with the management of the Target Group regarding its history, nature, current operating conditions and future proposed operations of the Target Group.

Valuation approach

The Independent Valuer had adopted the income approach in estimating the market value of 100.0% equity interest in the Target Group derived based on the following formula ("**Equity Value Formula**"):

Equity Value of the Target Group
=
Enterprise Value of the Target Group – Debt + Cash + Non-Operating Assets/(Liabilities)

The income approach focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date. The income approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, the income approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

The Independent Valuer had adopted the income approach for the market valuation of the Target Group due to the availability of relevant data pertaining to the historical operating records, development plans and financial projections of the Target Group. The Independent Valuer had utilised a discounted cash flow methodology to estimate the cash that is available, either for investment in new or existing business or for distribution to equity and debt holders of the Target Group.

In determining the Independent Valuation of the Target Group as at the Valuation Date, the Independent Valuer had further considered the following in its computation of the value of the non-operating assets:

(i) the independent valuation on the Investment Properties owned by KLTR conducted by JLJ, who had determined the market value to be RM5,080,000 (equivalent to S$1,663,087 based on an exchange rate of S$1.0 : RM3.05456) as at 19 September 2019. Given the proximity of the dates between the Valuation Date and 19 September 2019, the Independent Valuer had assumed that the market value of the Investment Properties remained unchanged as at the Valuation Date. We note that this results in a value uplift of S$8,665 when compared to the book value of the Investment Properties recorded at S$1,654,422 as at 30 September 2019; and

(ii) the independent valuation on the Vacant Leasehold Land owned by KTLMY conducted by PA International, who had determined the market value to be RM4,211,000 (equivalent to S$1,378,595 based on an exchange rate of S$1.0 : RM3.05456) as at 22 January 2019. Given that the valuation was performed earlier in the year and that no significant events had taken place since then, the Independent Valuer had assumed that the market value of the Vacant Leasehold Land remained unchanged as at the Valuation Date. We note that this results in a value uplift of S$95,875 when compared to the book value of the Vacant Leasehold Land recorded at S$1,282,720 as at 30 September 2019.

Accordingly, the Independent Valuer had estimated the market value of 100.0% equity interest in the Target Group derived based on the Equity Value Formula as set out below:

Equity value of the Target Group	**S$**
Enterprise value of the Target Group as at the Valuation Date[(1)]	(372,972)
Less: Debt of the Target Group	38,026,657
Add: Cash at the Target Group	121,348
Add: Non-operating assets of the Target Group	
(i) Investment Properties	1,663,087
(ii) Vacant Leasehold Land	1,378,595
Equity value of the Target Group as at the Valuation Date	**(35,236,599)**

Note:

(1) The enterprise value of the Target Group was estimated through the income approach utilising a discounted cash flow methodology.

Consequently, the market value of 100.0% equity interest in the Target Group was determined to be a negative equity value of S$35,236,599 which the Independent Valuer had reasonably concluded to have no value and therefore determined the Independent Valuation of the Target Group as at the Valuation Date to be NIL. The Independent Valuation of the Target Group is lower than the Consideration for the Proposed Disposal of S$10,000.

Further, as set out above, in computing the Independent Valuation of the Target Group, the Independent Valuer had not treated the Shareholder’s Loans as quasi-equity but have treated them as liabilities that are payable on demand. Notwithstanding the above, assuming the Shareholder’s Loans were treated as equity, we note from the AVA Valuation Report that the adjusted equity value of the Target Group would still be a negative S$20,761,599.

Separately, the Independent Valuer had deemed the market approach and cost approach to be inappropriate due to: (i) the lack of comparable market transactions and prices based on the searches performed; and (ii) the significant assets of the business of the Target Group being assembled workforce and its sales and distribution network which would not be properly reflected using a cost approach methodology, respectively.

The Directors and Management have confirmed to us that they have made due and careful enquires with respect to the assumptions and projections underlying the financial forecasts of the Target Group prepared by the Independent Valuer to value the Target Group.

We recommend the Independent Directors to advise the Independent Shareholders to read the AVA Valuation Report carefully, in particular the terms of reference, key assumptions and critical factors.

5.2.3 RNAV of the Target Group

Based on the Independent Valuation as at the Valuation Date as determined by the Independent Valuer, we have computed the revaluation surplus of the Investment Properties and Vacant Leasehold Land owned by the Target Group against the book value as at 30 September 2019 in the table below. Further, we had also considered the following:

(i) the independent valuation on the KL Sales Office owned by KLTR conducted by JLJ, who had determined the market value to be RM1,270,000 (equivalent to S$415,772 based on an exchange rate of S$1.0 : RM3.05456) as at 19 September 2019. Given the proximity of the dates between 19 September 2019 and the Latest Practicable Date, and that no significant events had taken place since which could affect the market value of the property, the Management confirmed that the market value of the KL Sales Office remained unchanged as at the Latest Practicable Date resulting in a value uplift of S$6,493 when compared to the book value of the KL Sales Office recorded at S$409,279 as at 30 September 2019;

(ii) the independent valuation on the Leasehold Land owned by KTLMY conducted by PA International, who had determined the market value to be RM20,510,000 (equivalent to S$6,714,551 based on an exchange rate of S$1.0 : RM3.05456) as at 22 January 2019. Given that the valuation was performed earlier in the year and that no significant events had taken place since which could affect the market value of the property, the Management confirmed that the market value of the Leasehold Land remained unchanged as at the Latest Practicable Date resulting in a value uplift of S$1,227,206 when compared to the book value of the Leasehold Land recorded at S$5,487,345 as at 30 September 2019; and

(iii) the ME Property owned by KTLME with a book value of S$757,350 as at 30 September 2019 which the Management confirmed that as at the Latest Practicable Date, to the best of their knowledge and belief that, there are no material appreciation in value as compared to its book value as at 30 September 2019 which would have material impact on the NAV of the Target Group.

In addition, in assessing the revaluation surplus of the various properties of the Target Group ("**Revalued Assets**"), we have also considered whether there are any potential tax liabilities on the revaluation surplus which may affect the NAV of the Target Group, especially if the Revalued Assets were to be sold at the valuation amount. It should be noted that this assumes the hypothetical sales of the Revalued Assets. Accordingly, the Management confirmed that an aggregate potential tax liability of approximately S$18,000 may arise in the event of a hypothetical sales of the Revalued Assets, specifically, the Leasehold Land, at the valuation amount, based on the real property gain tax rate in Malaysia of 10.0% on the net chargeable gain from the hypothetical sales. We understand from the Management that the hypothetical sales of the Investment Properties, Vacant Leasehold Land and KL Sales Office based on their respective valuation amount would not result in a net chargeable gain.

Accordingly, we set out below the revaluation surplus of the Revalued Assets of the Target Group in the table below:

Revalued Assets	Book value as at 30 September 2019 (S$'000)	Revaluation surplus (S$'000)	Potential tax liabilities[(1)] (S$'000)	Revalued amount (S$'000)
Investment Properties	1,654	9	-	1,663
Vacant Leasehold Land	1,283	96	-	1,379
KL Sales Office	409	6	-	415
Leasehold Land	5,487	1,227	(18)	6,696
Total	**8,833**	**1,338**	**(18)**	**10,153**

Note:

(1) The potential tax liabilities were computed based on the Management's estimates.

Further, as set out in Paragraph 5.2.2 of this Letter, in computing the Independent Valuation of the Target Group, the Independent Valuer had not treated the Shareholder's Loans of S$14.5 million as quasi-equity but have treated them as liabilities that are payable on demand. As at 30 September 2019, we understand that S$1.8 million of the Shareholder's Loan has been repaid and accordingly the Shareholder's Loans amounted to approximately S$12.7 million. In our computation of the RNAV of the Target Group as at 30 September 2019, we have not considered the Shareholder's Loans of S$12.7 million as we note that a typical financial investor purchasing the Target Group would have had to take on the Shareholder's Loans as a liability unless forgiven by the shareholder.

Based on the above, the RNAV of the Target Group as at 30 September 2019 is as follows:

RNAV of the Target Group	(S$'000)
NAV of the Target Group as at 30 September 2019	(20,277)
Add: Revaluation surplus in relation to the Revalued Assets, net potential tax liabilities ("**Net Revaluation Surplus**")	1,320
RNAV of the Target Group as at 30 September 2019	**(18,957)**

Sources: Unaudited financial statements of the Target Group for 9M2019 and the Valuation Reports

Notwithstanding the above, assuming the Shareholder's Loans were treated as equity, we note from the AVA Valuation Report that the adjusted equity value of the Target Group would still be a negative S$20.8 million. Further, assuming that the Shareholder's Loans were waived, the RNAV of the Target Group as at 30 September 2019 would remain to be at a net liability position of S$6.3 million.

Independent Shareholders should note that the above analysis on RNAV provides an estimate of the value of the Target Group assuming the hypothetical sales of the Revalued Assets of the Target Group as at the Latest Practicable Date. However, such a hypothetical scenario is assumed to be made without considering factors such as, *inter alia*, time value of money, market conditions, professional fees, liquidation costs, contractual obligations, any other regulatory requirements and availability of potential buyers, which may in theory, alter the RNAV that can be realised.

Independent Shareholders should be aware that the Target Group has not realised the loss or gain as set out in the adjustments to the NAV as at the Latest Practicable Date. There is no assurance that the actual loss or gain (if any) eventually recorded by the Target Group will be the same as that derived from the assessments made based on the current market value, independent valuation and the Management's estimates.

<u>RNAV of each of the subsidiaries of the Target Group</u>

For the purpose of our evaluation of the Proposed Disposal, we have further computed the RNAV of each of the subsidiaries of the Target Group, taking into consideration, the Revalued Assets. Save for the Revalued Assets, the Management confirmed that as at the Latest Practicable Date, to the best of their knowledge and belief that, there are no other major assets of the Target Group that have potential material appreciation in value as compared to their respective book value as at 30 September 2019.

Based on the above, the RNAV of each of the subsidiaries of the Target Group as at 30 September 2019 is as follows:

Subsidiaries of the Target Group(1)	NAV as at 30 September 2019 (S$'000)	Revalued Assets	Net Revaluation Surplus (S$'000)	RNAV as at 30 September 2019 (S$'000)
PT. KTL Offshore Indonesia ("**KTLOI**")	636	NA(2)	NA	636
KTLME	2,299	ME Property(3)	NA(3)	2,299
KTLMY	(14,412)	Vacant Leasehold Land and Leasehold Land	1,305	(13,107)
KTL Offshore Services Pte. Ltd. ("**KTLOS**")	-(4)	NA	NA	-
KTLTMY	7	NA	NA	7
KTL Offshore Services (Malaysia) Sdn. Bhd.	(4)	NA	NA	(4)
Future Synthetics Pte. Ltd.	(703)	NA	NA	(703)
KTLR	(650)	Investment Properties and KL Sales Office	15	(635)

Notes:

(1) For avoidance of doubt, FW Coastal, which is an associate of the Target Group, has not be included as it has ceased operations in July 2017 and KIPL is in the process of negotiating with other shareholders to liquate. FW Coastal wholly owns Atlas Training and Axis Weld.

(2) Not applicable

(3) As set out above, the Management confirmed that in relation to the ME Property which is owned by KTLME, as at the Latest Practicable Date, to the best of their knowledge and belief that, there are no material appreciation in value as compared to its book value as at 30 September 2019 which would have material impact on the NAV of the Target Group.

(4) We understand from the Management that KTLOS, a subsidiary of the Target Group, has ceased operations since July 2017.

In addition, based on discussions with the Company, we set out below the schedule of the interest-bearing loans and borrowings, and bills payables (collectively, "**Bank Borrowings**") of the Target Group as at 30 September 2019:

Target Group	Bank Borrowings as at 30 September 2019 (S$'000)	Secured by (including but not limited to)
KOPL	25,605	(i) Fixed charges and assignments over first fixed charge on book debts, investment and dividends, uncalled capital and goodwill, intellectual property, plant and machinery and other equipment and floating charges over all assets and undertaking of certain subsidiaries including KTLOI, KTLME and KTLTMY; (ii) Charge over certain bank accounts of the Company and certain subsidiaries; (iii) Pledge of shares and dividend of the Company and certain subsidiaries; (iv) Corporate guarantees by the Company and certain subsidiaries; (v) Joint and several personal guarantees by members of the Tan Family; and (vi) ME Property, Vacant Leasehold Land, Leasehold Land, Investment Properties and KL Sales Office.
KIPL	856	
KTLMY	83	
Total	**26,544**	

As set out in Section 2.2.3 of the Circular, we note that, save for KTLOI, KTLME and KTLTMY, the remaining subsidiaries of the Target Group are recording a net liability position as at 30 September 2019. Based on the above, taking into consideration the Net Revaluation Surplus of the Revalued Assets, the RNAV of KTLMY and KTLR remains to be at net liability position of S$13.1 million and S$0.6 million respectively.

Further, we note that majority of the Bank Borrowings as at 30 September 2019 are loaned at the company level of KOPL and KIPL amounting to approximately S$25.6 million and S$0.9 million respectively and the Management confirmed that such Bank Borrowings are secured by various assets, including but not limited to, all the properties of the Target Group and all assets of KTLOI, KTLME and KTLTMY. As a result, assuming the Bank Borrowings are fully repaid by the Target Group, we note that each of the subsidiaries which are recording a net liability position will remain to be in a net liability position given that majority of the Bank Borrowings are not held at subsidiary level. In addition, based on discussions with the Company, the Management further confirmed, to the best of their knowledge and belief that, there is no potential material appreciation in the value of the assets of the Target Group that would exceed the value of the Bank Borrowings of S$26.5 million resulting in the Target Group recording a net asset position.

In respect of the above, we have sought the following confirmations from the Directors and Management, and they confirmed to us that as at the Latest Practicable Date, to the best of their knowledge and belief that, save as disclosed in this Letter:

(i) save for the Investment Properties, Vacant Leasehold Land, Leasehold Land and KL Sales Office, there are no material differences between realisable values of the Target Group's assets and the respective book value as at 30 September 2019 which would have material impact on the NAV of the Target Group;

(ii) there are no other contingent liabilities, bad or doubtful debts or material events which would likely have a material impact on the NAV of the Target Group as at the Latest Practicable Date;

(iii) there are no litigations, claims or proceedings pending or threatened against the Target Group or of any fact which would give rise to any proceedings which might materially and adversely affect the financial position of the Target Group;

(iv) there are no other intangible assets which ought to be disclosed in the statement of financial position of the Target Group in accordance with the Singapore Financial Reporting Standards and which have not been so disclosed and where such intangible assets would have had a material impact on the overall financial position of the Target Group; and

(v) there are no material acquisitions or disposals of assets by the Target Group between 30 September 2019 and the Latest Practicable Date, and the Target Group does not have any plan for any such impending material acquisition or disposal of assets, conversion of the use of the Target Group's material assets or material change in the nature of the Target Group's business.

We wish to highlight to the Independent Directors that the above analysis is only for illustrative purposes and is not meant to be an indication of, or comment on the future profitability, growth prospects, financial positions and working capital sufficiency of the Target Group.

5.3 Financial effects of the Proposed Disposal

The financial effect of the Proposed Disposal which has been set out in Section 2.8 of the Circular is extracted and reproduced in italics below:

"2.8 Financial effects

2.8.1 Bases and Assumptions

The pro forma financial effects of the Proposed Disposal are based on, inter alia, the following bases and assumptions:

(i) the audited consolidated financial statements of the Group for FY2018;

(ii) the pro forma financial effects of the Proposed Disposal on the consolidated NTA per share of the Group are computed based on the assumption that the Proposed Disposal was completed on 31 December 2018; and

(iii) the pro forma financial effects of the Proposed Disposal on the EPS of the Group are computed based on the assumption that the Proposed Disposal was completed on 1 July 2017[3].

[3] It is noted that the Company had on 29 June 2018 changed its financial year end from 30 June to 31 December.

The pro forma financial effects are presented for illustration purposes only and are not intended to reflect the actual future financial situation of the Company or the Group following the completion of the Proposed Disposal.

2.8.2 NTA per share

	Before the Proposed Disposal	**After completion of the Proposed Disposal**
Consolidated NTA attributable to the shareholders (S$'000)	*(17,175)*	*337*
Number of shares	*315,669,019*	*315,669,019*
Consolidated NTA per share attributable to the shareholders (cents)	*(5.44)*	*0.11*

*2.8.3 Earnings per Share ("**EPS**")*

	Before the Proposed Disposal	**After completion of the Proposed Disposal**
Consolidated loss after taxation and minority interests (S$'000)	*(29,610)*	*(6,350)*
Weighted average number of shares	*240,610,273*	*240,610,273*
Consolidated loss per share (cents)	*(12.31)*	*(2.64)"*

5.4 Other relevant considerations in relation to the Proposed Disposal

5.4.1 Watch-list status of the Company

Pursuant to Rule 1311 of the Listing Manual, the SGX-ST will place an issuer on the watch-list under either of the following:

(i) Financial entry criteria

The issuer records pre-tax losses for the three (3) most recently completed consecutive financial years (based on audited full year consolidated accounts) and an average daily market capitalisation of less than S$40.0 million over the last six (6) months.

(ii) Minimum trading price entry criteria

The issuer records a volume weighted average price of less than S$0.20 and an average daily market capitalisation of less than S$40.0 million over the last six (6) months ("**Revised MTP Criteria**").

Pursuant to Rule 1314 of the Listing Manual, an issuer on the watch-list may be removed from the watch-list if it satisfies the following requirements:

(i) Financial exit criteria

The issuer records consolidated pre-tax profit for the most recently completed financial year (based on the latest full year consolidated audited accounts) and has an average daily market capitalisation of S$40.0 million or more over the last six (6) months ("**Financial Exit Criteria**").

(ii) Minimum trading price exit criteria

The issuer records a volume-weighted average price of at least S$0.20 and an average daily market capitalisation of S$40.0 million or more over the last six (6) months ("**MTP Exit Criteria**").

On 2 March 2016, the Company announced that the SGX-ST had notified the Company that it had been placed on the watch-list due to the minimum trading price entry criteria with effect from 3 March 2016. On 4 June 2017, the Company announced that SGX-ST had notified that the Company had been reassessed under the Revised MTP Criteria which was announced on 2 December 2016 and the Company continued to be placed on the watch-list with effect from 5 June 2017.

On 3 December 2019, the Company announced that the SGX-ST had further notified the Company that it had been placed on the watch-list due to the financial entry criteria with effect from 4 December 2019.

Pursuant to Rule 1315 of the Listing Manual, should the Company fail to satisfy: (i) the MTP Exit Criteria by 4 June 2020, being 36 months from 5 June 2017; and (ii) the Financial Exit Criteria by 2 December 2022, being 36 months from 4 December 2019, the SGX-ST may either remove the Company from the Official List of the SGX-ST or suspend trading of its Shares with a view to removing the Company from the Official List of the SGX-ST ("**36 Months Cure Period**"). As at the Latest Practicable Date, the Directors and Management confirm that the Company continues to be placed on the watch-list.

For avoidance of doubt, the SGX-ST had on 28 November 2019 issued a consultation paper to consult on the proposed removal of the minimum trading price framework ("**MTP Framework**"). As a transitional arrangement, the SGX-ST highlighted that a moratorium will be placed on the 36 Months Cure Period effective from 1 December 2019 for existing companies on the watch-list due to the Revised MTP Criteria. The 36 Months Cure Period will continue to run if and when it is determined that the MTP Framework should be retained in its current form.

Separately, we note the following commentary as set out in the Group's financial results announcement for 9M2019, the relevant portion of which have been extracted and reproduced in italics below:

"*<u>Going concern of the Group</u>*
The Board is of the opinion that the Group and the Company are able to meet their short-term debt obligations as and when they fall due and are able to continue to operate as going concerns for the following reasons:
(i) The Group had implemented several cost-cutting initiatives and significant reductions in inventories were effected in the financial years ended 30 June 2016 and 30 June 2017 and the 18-month period ended 31 December 2018;
(ii) The Group had concluded its lease arrangement with its previous landlord (please refer to the announcement on 5 April 2018) and achieved a significant overall reduction in rental expenses in Singapore by more than 40% monthly;
(iii) Barring any further deterioration of the oil and gas market, the Group is cautiously confident of generating sufficient operating cash flows to meet its working capital requirement needs, taking into consideration its current order book;
(iv) The Group has the option of divesting its investment properties as and when required;
(v) As announced by the Company on 7 May 2019, the Company had on 6 May 2019 obtained formal written bank confirmation for an extension of 24 months for a loan amounting to S$13.9 million (S$15.2 million as at 31 March 2019). The banks have also agreed to reduce the Group's monthly repayment by more than 50%. Although the final bullet payment to be made by the Group will increase, the reduction in the monthly repayment amount will support the recovery of the Group's position. In addition, the Group's principal bankers had, on 15 May 2019, granted formal waivers for certain breaches of financial covenants;
(vi) The Company's shareholders, Tan Tock Han and Tan Kheng Kuan, have provided a letter confirming that they are willing and able and undertake to provide continuing financial support to the Group to enable it to operate as a going concern and also to enable it to meet its obligations for at least 18 months from 30 June 2018 (the "Financial Support"). Such financial support shall include not drawing or drawing partial salaries should the Group not have sufficient funds to pay its creditors in full;
(vii) The Group's 80% owned subsidiary, Bluegas Private Limited, has commenced business with positive contribution in 3Q 2019 and is expected to continue to contribute to the Group; and
(viii) as announced by the Company on 22 August 2019, the Company had entered into a share sale and purchase agreement with Kim Teck Leong Pte. Ltd., pursuant to which the Company shall dispose of 100% of the share capital in KTL Offshore Pte. Ltd. and KTL Investment Pte. Ltd. and their subsidiaries (the "Disposal"). The Disposal is subject to, inter alia, the Company obtaining approval from the SGX-ST and the shareholders of the Company in general meeting "

Based on discussions with the Company, we understand that Mr Tan Tock Han and Mr Tan Kheng Kuan, who are controlling shareholders of the Company, have been providing undertakings to provide continuing financial support to the Group to enable it to operate as a going concern and to enable it to meet its obligations since 2016.

5.4.2 Improved financial performance and position of the Company

Based on the audited financial statements of the Group for FY2016, FY2017 and FY2018, and unaudited financial statements of the Group for 9M2019, the Group has been recording net losses for the last three (3) financial years with an improvement in net profit for 9M2019. As at 30 September 2019, the Group recorded a net liability position and negative working capital position.

Further, as set out in Section 2.4 of the Circular, despite the implementation of cost-cutting measures, the Target Group has been loss-making in recent years since 2016 due to the challenging conditions in the oil and gas industry which the Group expects to remain challenging due to an oversupply of goods and services providers as well as fluctuating oil prices.

Following the completion of the Proposed Disposal, Bluegas will be the sole subsidiary and business of the Group moving forward. We note that the business of Bluegas had commenced in January 2019 and has since secured several contracts generating revenue for the Group. As set out in Section 2.4 of the Circular, Bluegas recorded a net profit of approximately S$6.7 million since commencement and is in a net asset position of approximately S$5.4 million as at 30 September 2019. We understand that the improvement in the net profit of the Group for 9M2019 was mainly attributable to the business of Bluegas.

Separately, we note that as at 30 September 2019, there are Bank Borrowings and Shareholder's Loans amounting to approximately S$26.5 million and S$12.7 million due to the banks of the Target Group and the Purchaser by the Target Group, respectively. Pursuant to the Proposed Disposal, as a condition precedent, the Company and the Purchaser have agreed to do all such acts and things as may be required and/or necessary to discharge any and all existing corporate guarantees previously executed and/or extended by the Company to the banks in connection with the Bank Borrowings of the Target Group. In discharging such corporate guarantees, the Purchaser and/or the Tan Family will be furnishing replacement guarantees in connection with the Bank Borrowings of approximately S$26.5 million. Based on the Company's annual report for FY2018, we note that majority of the Bank Borrowings are also currently secured by personal guarantees by members of the Tan Family. Accordingly, upon completion of the Proposed Disposal and the discharge of such corporate guarantees, the Group will not have any Bank Borrowings in view of the above and given that the Company and Bluegas do not have any existing bank borrowings.

Based on the above, the Proposed Disposal will be beneficial to the Group as the disposal of the Target Group will immediately alleviate the losses of the Group as the Company will be left with a positive operating entity, Bluegas, with the Proposed Disposal resulting in a substantial reduction in losses, significant reduction in the liabilities in the absence of the Bank Borrowings and a cash inflow to the Group.

5.4.3 The Proposed Disposal as the most appropriate option

Based on discussions with the Management, we understand that the Company had considered various options, including but not limited to, (i) liquidating certain subsidiaries of the Target Group which are loss-making and/or recording net liability position; and (ii) disposing the subsidiaries of the Target Group which are profitable and/or recording positive net asset value individually. However, the Management expressed that such options have the following concerns:

(i) as set out in Paragraph 5.2.3 of this Letter, other than the corporate guarantees extended by the Company to the banks, the Bank Borrowings of S$26.5 million are also secured by, *inter alia*, (i) fixed charges and assignments over assets of the Group including intellectual property, plant and machinery and other equipment; (ii) floating charges over all assets and undertaking of certain subsidiaries; and (iii) all properties of the Group. As a result, the disposal of any individual subsidiaries including the assets of the Group will be subject to the approval of the banks of the Company; and

(ii) as set out in Paragraph 5.2.3 of this Letter, the majority of the Bank Borrowings are loaned at the company level of KOPL and KIPL amounting to approximately S$25.6 million and S$0.9 million respectively. Further, due to the challenging market conditions in respect of the oil and gas industry, the potential to dispose any profitable subsidiary at a good profit margin is low and unlikely as the subsidiaries of each of KOPL and KIPL are integrated together with integrated operations as well as inter-company transactions. Notwithstanding the above, in the event of such disposals, should the proceeds be insufficient to cover the existing Bank Borrowings, the disposal of such profitable subsidiaries individually may not be financially feasible or viable to the Group.

Accordingly, the Board believes that the Proposed Disposal is the most appropriate option for the Group.

5.4.4 Investigations by CAD and MAS on the Target Group

Since 30 October 2017, the Company has made various announcements in relation to investigations conducted by the Monetary Authority of Singapore ("**MAS**") and Commercial Affairs Department of the Singapore Police Force ("**CAD**"). For avoidance of doubt, the business of the Group then comprised solely of the business of the Target Group and the Group had only entered into a joint venture agreement with its JV Partner to invest in Bluegas on 29 November 2018.

Further details on the Company's announcements are set out below:

(i) on 30 October 2017, the Company announced that it had been informed by Mr Tan Kheng Yeow, the former Chief Executive Officer and Executive Director of the Company, that he had been requested to assist in an investigation by the MAS and the CAD concerning a possible offence under the Securities and Futures Act (Chapter 289). Subsequently, Mr Tan Kheng Yeow resigned from his position as Chief Executive Officer and Executive Director of the Company with effect from 2 November 2017;

(ii) on 14 December 2017, the Company announced that it had received a notice from the MAS stating that an investigation was being conducted into an offence under the Securities and Futures Act (Chapter 289) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition) which required the Company to provide MAS with access to certain documents and information concerning the Group, including but not limited to, all accounting documents and books of the Group from 1 August 2014 to 31 December 2015;

(iii) on 25 July 2018, the Company announced that it had received a notice from the CAD stating that an investigation was being conducted into an offence under the Penal Code (Chapter 224) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition) which required them to provide access to certain documents and information concerning the Group, including documents, correspondence and accounting records pertaining to certain transactions, and corporate emails belonging to and IT equipment used by certain management staff; and

(iv) on 24 August 2018, the Company announced that Mr Tan Tock Han, the former Executive Chairman and Director of the Company, had received a letter from the CAD stating that an investigation was being conducted into an offence under the Penal Code (Chapter 224) pursuant to the provisions of the Criminal Procedure Code (Chapter 68, 2012 Revised Edition). For the purposes of the investigation, Mr Tan Tock Han was interviewed by the CAD while the other Directors of the Company had also received requests for interviews by the CAD.

Separately, on 28 December 2018, pursuant to a management restructuring exercise, the Company further announced the resignation of Mr Tan Tock Han from his position as Executive Chairman and Director of the Company. In addition, as set out in the Company's annual report for the FY2018, the MAS and the CAD have not given the Company any further details of its investigations and the Company continues to monitor the progress of the matter. Further, the business and operations of the Group have not been affected by the investigation and has continued as normal.

Notwithstanding the above, upon the completion of the Proposed Disposal, save for the Company, all other entities which were under investigation will cease to be the subsidiaries of the Group and Bluegas will be the sole subsidiary and business of the Group moving forward.

5.4.5 No other alternative offers from third parties

Given that the Target Group has been loss making since 2016 and is in a net liability position as at 30 September 2019 with the relevant carrying costs to maintain the entity as well as the need to service its Bank Borrowings, it is difficult to find a third party purchaser for the Target Group. As at the Latest Practicable Date, the Directors has confirmed that there has been no other offers or proposal from any third party to purchase the Target Group other than the Purchaser.

5.4.6 Abstentions from voting

As set out in Section 7 of the Circular, the Purchaser will abstain and will procure that its associates and nominees, including Mr Tan Tock Han, Mr Tan Kheng Kuan and Ms Shum Ching Yee, abstain from voting in respect of their shareholdings in the Company on voting on the ordinary resolution pertaining to the Proposed Disposal to be proposed at the EGM. The Purchaser would also not accept any nomination as a proxy or otherwise for voting on the ordinary resolution unless they were given specific instructions as to voting. Accordingly, the Proposed Disposal would proceed only if a majority of the Independent Shareholders were to vote in favour of the Proposed Disposal.

6. Our Opinion

In arriving at our recommendation in respect of the Proposed Disposal, we have taken into consideration, *inter alia*, the following factors summarised below as well as elaborated elsewhere in this Letter. The following should be read in conjunction with, and in the context of, the full text of this Letter:

(i) rationale for the Proposed Disposal;

(ii) financial assessment of the terms of the Proposed Disposal:

(a) financial performance and position of the Target Group;

(b) independent valuation of the Target Group;

The Independent Valuation of the Target Group was determined to be NIL as at the Valuation Date which is lower than the Consideration for the Proposed Disposal of S$10,000.

(c) RNAV of the Target Group;

The RNAV of the Target Group is approximately negative S$19.0 million, taking into consideration, the Net Revaluation Surplus in relation to Revalued Assets.

(iii) financial effects of the Proposed Disposal;

(iv) other relevant considerations in relation to the Proposed Disposal:

(a) watch-list status of the Company;

(b) improved financial performance and position of the Company;

(c) the Proposed Disposal as the most appropriate option;

(d) investigations by CAD and MAS on the Target Group;

(e) no other alternative offers from third parties; and

(f) abstentions from voting.

Having regards to the considerations as set out above and the information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Disposal, as an Interested Person Transaction, is on normal commercial terms and not prejudicial to the interests of the Company and its Independent Shareholders.

We wish to highlight that we were neither a party to the negotiations entered into by the Company in relation to the Proposed Disposal, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into the SPA, and we do not warrant the merits of the Proposed Disposal. Furthermore, we were not involved in the legal and financial due diligence that were conducted by the Company and its advisers on the Target Group.

We have prepared this Letter for the use of the Independent Directors in connection with and for the purposes of their consideration of the Proposed Disposal. The recommendation made by them to the Independent Shareholders in relation to the Proposed Disposal shall remain the sole responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the EGM at any time and in any manner without prior written consent of RHTC in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours sincerely
For and on behalf of
RHT CAPITAL PTE. LTD.

Khong Choun Mun	Mah How Soon
Chief Executive Officer	Managing Director

AVA Associates Limited
(Co. No. 1292515)
806 Empress Plaza, 17-19 Chatham Road South, Tsim Sha Tsui, Hong Kong
160 Robinson Road, #26-04 SBF Centre, Singapore 068914

26 December 2019

To
Board of Directors
KTL Global Limited
71 Tuas Bay Drive
Singapore 637430

Dear Sirs,

AVA Associates Limited ("**AVA**") has been engaged to perform a valuation of the 100% equity interest (the "**Equity Interest**") in KTL Offshore Pte Ltd ("**KOPL**") and KTL Investment Pte Ltd ("**KIPL**") (together, the "**Target Group**") as at 30 June 2019 ("**Valuation Date**"), for internal reference and in relation to a proposed disposal of the Target Group by KTL Global Limited ("**KTL Global**" or the "**Client**"). No other use, direct or indirect, of our analysis is intended or inferred or shall be relied upon by the Client other than explicitly specified in the engagement letter herein.

Definition of Value

In estimating the value of the Equity Interest, our efforts were based on the following premise of value:

Market Value – *"The estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."* Such value represents an estimate based on the economic theory of equilibrium price for an asset in a perfect market. Unless otherwise noted, in estimating the Market Value, we have assumed that the business and its assets will remain a going concern in accordance with the relevant literature.

Overview of the Target Group

KOPL is a wholly-owned subsidiary of KTL Global and is engaged in the business of trading of rigging equipment and related services through subsidiaries in Singapore, Malaysia, UAE and Indonesia.

KIPL is a wholly-owned subsidiary of KTL Global and is engaged in the business of investment holding. Its subsidiary, KTL Realty Sdn Bhd ("**KTLR**"), a company incorporated in Malaysia, owns 4 office units at KL Trillion in Kuala Lumpur, Malaysia and 3 of them are held as investment properties.

Scope of Work

KTL Global announced on 22 August 2019 that it has entered into a sale and purchase agreement with Kim Teck Leong Pte Ltd to dispose of its 100% interest in the Target Group, for a total consideration of S$10,000.00.

As part of KTL Global's internal process and compliance with the listing rules of the Singapore Exchange ("**SGX**"), it has engaged AVA to assist in the determination of the Market Value of the Equity Interest in the Target Group, to be carried out as at Valuation Date, for internal reference and subsequent disclosure to KTL Global's shareholders.

For this exercise, we estimated the value of the Equity Interest in the Target Group on the premise of a going concern where the business will continue running normally using all of its assets to produce income. The value is derived based on the following formula:

Equity Value of the Target Group
=
Enterprise Value of the Target Group – Debt + Cash + Non-Operating Assets/(Liabilities)

Enterprise Value is a measure of a company's value or business to its stakeholders, namely debt holders and equity owners. It is generally defined with the following formula:

Enterprise Value = Equity Value + Debt – Cash – Non-Operating Assets/(Liabilities)

Our valuation and report are prepared in accordance with the International Valuation Standards (2017 edition) as published by the International Valuation Standard Committee. The procedures used in our analysis included such substantive steps, as we considered necessary, including, but not necessarily limited to, the following:

- Preparation of an information checklist for information gathering;
- Discussion with the appropriate parties regarding the identified assets, proposed valuation methodologies, current/proposed operations and historical/forecast financials of the Target Group, as well as its prospects, etc;
- Development of appropriate valuation models pertinent to the exercise;
- Preparation of draft reports for discussion with the Client; and
- Submission of the final report for the purpose of this exercise.

Sources of Information

As part of our due diligence, we relied upon documents supplied by KTL Global, including, but not limited to, the following:

- Unaudited financial statements of the Target Group for the 12-month period from 1 July 2015 to 30 June 2016 and 1 July 2016 to 30 June 2017;
- Unaudited financial statements of the Target Group for the 18-month period from 1 July 2017 to 31 December 2018;
- Unaudited financial statements of the Target Group for the 6-month period from 1 January 2019 to 30 June 2019;
- Valuation reports on the properties known as Unit Nos. C-L12-05, C-L12-06, C-L12-07 and C-L12-08 on Level 12 at KL Trillion located within Section 88A Kuala Lumpur, Malaysia, as prepared by a licensed valuer in Malaysia;

- Valuation report on the property known as Lot PTD 4811, Sungai Tiram, Johor Bahru, Johor, Malaysia, as prepared by a licensed valuer in Malaysia;
- Valuation report on the property known as Lot PTD 4951, Sungai Tiram, Johor Bahru, Johor, Malaysia, as prepared by a licensed valuer in Malaysia;
- Valuation report on the property known as Phase 1 Plot No. (2M-09), Block 2N Street, Hamriyah Free Zone, Sharjah, United Arab Emirates;
- Fixed asset schedule as at 31 December 2018 and 30 June 2019 of the following companies.
  - KTL Offshore Pte Ltd
  - KTL Offshore (Middle East) FZC
  - KTL Offshore Trading (Malaysia) Sdn Bhd
  - PT KTL Offshore Indonesia
  - KTL Offshore (Malaysia) Sdn Bhd
- Workings prepared by KTL Group in relation to an impairment analysis of the value-in-use ("**VIU**") of the property, plant and equipment, and fair value of the inventories belonging to KTL Offshore (Malaysia) Sdn Bhd as at 31 December 2018 and KTL Offshore Pte Ltd as at 30 June 2019; and
- Other relevant documentations.

We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject asset. In the course of our valuation, we held discussions with the management concerning the history and current conditions of the business, financial and general outlook of the Target Group. We assumed that the data we obtained in the course of the valuation, along with the opinions and representations provided to us by the companies are true and accurate. We also used financial and other information obtained from private and public sources we considered reliable. Our conclusions are dependent on such information being complete and accurate in all material respects. We believe the valuation procedures we employed provide a reasonable basis for our opinion.

Valuation Theory

Our approach in valuing the Equity Interest relied on using the appropriate techniques to arrive at our conclusion of value. We considered the three generally recognized approaches to value: the income, market and cost approaches.

An overview of the three approaches considered is as follows:

- The *Income Approach* focuses on the income-producing capability of a business or asset. The income approach measures the current value of a business or asset by calculating the present value of its future economic benefits such as cash earnings, cost savings, tax deductions, and proceeds from disposition. Value indications are developed by discounting expected cash flows to their present value at a rate of return that incorporates the risk-free rate for the use of funds, the expected rate of inflation, and risks associated with the particular investment. The discount rate selected is generally based on rates of return available from alternative investments of similar type and quality as of the valuation date.
- The Market Approach measures the value of a business or asset through an analysis of recent sales or offerings of comparable businesses or assets. In estimating the value of a business under the market approach there are two methodologies: the publicly-traded guideline company methodology and the recent transaction methodology. The publicly traded guideline company methodology develops an indication of value for the subject company by calculating market pricing multiples for selected publicly-traded guideline companies and applying these multiples to the appropriate financial measures of the subject company. The recent

transaction methodology develops an indication of value for the subject company by calculating market pricing multiples based on actual acquisitions of similar businesses and applying these multiples to the appropriate financial measures of the subject company. After deriving a value, adjustments are then made to account for differences between the subject business or asset being valued and the comparable businesses or assets used in the analysis.

- The Cost Approach measures the value of a business or asset by the cost to reconstruct or replace it with another of like utility. To the extent that the assets being valued provide less utility than new assets, the reproduction or replacement cost new would be adjusted to reflect appropriate physical deterioration, functional obsolescence, and economic obsolescence. The cost approach recognizes that a prudent investor would not ordinarily pay more for property or an asset than the cost to replace them new.

Selected Approach

The Market Value of the Equity Interest is derived based on the following formula:

Equity Value of the Target Group

=

Enterprise Value of the Target Group – Debt + Cash + Non-Operating Assets/(Liabilities)

Enterprise Value of the Target Group

We calculated the Enterprise Value of the Target Group by estimating the value through the income approach, employing a discounted cash flow ("**DCF**") analysis.

Our basis for selecting the income approach was due to the availability of relevant data, specifically the historical operating records, development plans and financial projections of the Target Group, as provided by KTL Global. Based on this information, we utilized a discounted cash flow methodology to estimate the cash that is available, either to invest in new or existing businesses or to distribute, to debt and equity holders. This allowed us to estimate the Enterprise Value of the 100% interest in the business under a set of reasonable and robust assumptions.

The market approach was not deemed appropriate due to the lack of comparable market transactions and prices. We performed a similar transaction search and found no similar disclosed recent transactions. The cost approach was also deemed inappropriate, as the significant assets of this business is the Target Group's assembled workforce and its sales and distribution network, and these would not be properly reflected using a cost approach methodology.

Debt

We have relied on the book value of the debt, made up of bank borrowings and loans from shareholders, as at Valuation Date.

Cash

We have relied on the book value of this asset, as provided by KTL Global.

Non-Operating Assets/(Liabilities)

Non-operating assets identified in this exercise are the 3 office units held as investment properties by KTLR and the prepaid land lease held by KTL Offshore (Malaysia) Sdn Bhd ("**KTLM**").

The investment properties are namely office unit number C-L12-06, C-L12-07 and C-L12-08 on Level 12 at KL Trillion in Kuala Lumpur, Malaysia. We have relied on a valuation report, prepared by a licensed valuer in Malaysia, to ascribe a value to the properties.

The prepaid land lease is the parcel of leasehold land in Johor Bahru, Johor, Malaysia. We have relied on a valuation report, prepared by a licensed valuer in Malaysia, to ascribe a value to this property.

Valuation of the Equity Interest in the Target Group

The Market Value of the Equity Interest is derived using the following formula:

Equity Value of the Target Group
=
Enterprise Value of the Target Group – Debt + Cash + Non-Operating Assets/(Liabilities)

(1) Valuation of the Enterprise Value of the Target Group

Discounted Cash Flow Method

In line with our scope of work to derive the Enterprise Value of the Target Group's business of trading of rigging equipment and related services through its subsidiaries in Singapore, Malaysia, UAE and Indonesia, we chose the DCF methodology as it enables us to view the entire portfolio of assets as an operating entity, with the principal focus of the analysis on the operating entity's ability to generate free cash flow in the future, based on assumptions provided by the company. Free cash flow to enterprise ("**FCFE**") is defined as cash that is available either to invest in new or existing businesses or to distribute to investors (debt and equity holders). Reasonable projections of revenues, expenses, and reinvestment requirements (i.e. working capital and capital expenditures) form the basis for estimating the future free cash flows that a company will likely generate from its existing business.

The FCFE for each year of the projection period was calculated by adding non-cash expenses, such as depreciation and amortization, interest expenses, deferred rent, and stock option expense, to and deducting incremental investments in working capital, and capital expenditures ("**CAPEX**") from the net profit.

In addition to calculating the FCFE throughout the projection period, it is necessary to calculate the terminal value of the subject business which reflects the value of the total capital at the end of the projection period. The terminal value was calculated by applying an EV/EBITDA multiple to the earnings before interest, tax, depreciation and amortization ("**EBITDA**") in the terminal year.

The formula is as follows:

Value of the Target Group in terminal year = EV/EBITDA x EBITDA in terminal year

The projected free cash flows in each period were then discounted to present value at an appropriate rate of return, or "discount rate." The sum of the discounted stream of future free cash flow reflects the value of the subject enterprise or portfolio of assets.

Key Valuation Assumptions

We have assumed the following for the purpose of this exercise:

- In the course of operating the business, it will compose of all necessary assets, both tangible and intangible, to continue operating as it has under its current owners; and
- There are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value.

KTL Global has provided us with guidance on the Target Group's historical revenue, expenses, and working capital requirements. Based on our professional judgement, we have put forth a set of parameters deemed to be reasonable to arrive at a projection and adopted it for the purpose of this valuation. We discussed the risks of achieving these projections and the overall reasonableness of the parameters used. We considered the impact of each valuation-related parameter individually, and the related impact on our overall valuation conclusions.

Although the information and assumptions used in the cash flow projections are a reasonable basis for valuation purposes, our analysis and use of them do not constitute an examination or compilation of prospective financial information in accordance with established standards.

Operating Risks

Key operating risks that we observed from our study of the business are as follows:

- *Revenue*: The Target Group's business is reliant on oil and gas activities in the region. The expected volatility of oil prices will continue to influence such activities and play a significant role in determining the profitability of the business. Such challenges are also discussed in KTL Global's recent results announcement on SGX on 8 August 2019.
- *Cost of Sales and Operating Expenses*: Amid the recent market sentiments, the Target Group has implemented cost-cutting measures to reduce rental expenses and salaries in order to better manage its costs.
- *Machinery & Equipment*: The Target Group has also taken impairment charges on its machinery and equipment over the recent years, mainly in Singapore and Malaysia, to comply with financial reporting standards to ensure the value of these assets are fairly reported in the financial statements.
- *Financing*: The relatively high amount of bank borrowings put a strain on the Target Group's cashflow. As discussed in KTL Global's recent results announcement, it has obtained formal written bank confirmation for extension to some of its loans. Together with continued financial support from KTL Global's shareholders, Mr. Tan Tock Han and Mr. Tan Kheng Kuan, KTL Global hope to better manage its cashflow in the near term.

The Target Group has periodically performed impairment analyses of the business of KOPL, namely, the business in Singapore and Malaysia to comply with financial reporting standards. We have been provided with the internal workings, which were perused by the Target Group's auditor in the last audit for the year ending 31 December 2018.

Impairment charges have been taken against the book value of the employed assets over the last few years, suggesting that the book value of these remaining assets have been fair valued to account for their insufficient ability to generate adequate returns.

Without further reinvestment to upgrade existing facilities or new capital expenditures to establish new business lines, the VIU analysis of the current operations of KOPL, over a forecast period from 2019 to 2024, and 2019 to 2027, being the forecasted remaining useful lives of the machinery and equipment, pointed to continued operating losses with a negative net present value of FCFE.

AVA has reviewed the VIU workings provided, including a set for 30 June 2019, and used them as part of our DCF analysis to derive the Enterprise Value of the operating business of the Target Group as at Valuation Date.

Based on our analysis of the information provided and understanding of the current business model, we prepared our DCF model based on the following assumptions.

Parameters	Assumptions
Forecast period	• 5.5-year period from Valuation Date to 31 December 2024 with the terminal year thereafter.
Revenue	• Revenue is assumed to grow at 9.0% annually in 2020 and 2021, and 5.4% annually for the period from 2022 to 2024 based on expected growth parameters for the oilfield service and equipment industry in the USA. No growth is projected for the period after 2024.
Gross profit margin	• This margin is expected be maintained at 20.0% throughout the forecast period.
Other operating income	• This income is maintained at S$240,000 annually throughout the forecast period.
Selling & distribution expenses	• This expense is forecasted to decrease by 5.0% annually to reach 3.7% of revenue by 2024, in line with the ratio for the oilfield service and equipment industry in the USA.
Administrative expenses	• This expense is forecasted to grow 1.0% annually as management continues to implement various cost control initiatives.
Working capital requirements	• In line with historical figures, we assume the following turnover days: ○ Trade receivables – 90 days; ○ Inventories – 180 days; and ○ Trade payables – 120 days.
Depreciation and CAPEX requirements	• We assume the business will invest 1.6% of annual revenue as CAPEX, a percentage that is similar to that of the oilfield service and equipment industry in the USA.
Income tax rate	• No tax is forecasted for the forecast period.
Terminal growth rate	• No growth is forecasted for the period after 2024.
WACC	• 10.65%
Terminal Value	• The terminal value of the business in 2024 is estimated by applying an EV/EBITDA multiple of 7.19 to the forecasted EBITDA in 2024 of S$1,257,785 to arrive at a value of S$9,043,475. The EV/EBITDA multiple is taken from studies and data collated by a professor at a business school in the USA.

Conclusion – Enterprise Value of the Target Group

Based on the assumptions mentioned above, the DCF calculation points to **a negative value of S$372,972** as the Enterprise Value of the Target Group's operating business.

(2) Value of Debt

As mentioned, the value of debt is the summation of the book value of interest-bearing bank borrowings and loans from shareholders, equaling S$38,026,657, as provided by KTL Global.

(3) Value of Cash

The value of cash is based on the book value of cash and bank balances, totaling S$121,348, as provided by KTL Global.

(4) Value of Non-Operating Assets/(Liabilities)

Investment Properties at KTLR

KTLR owns investment properties in the form of 3 office units at KL Trillion in Kuala Lumpur, Malaysia. A valuation was conducted by a licensed property valuer in Malaysia, pointing to a Market Value of RM5,080,000 as at 19 September 2019. For the purpose of this exercise, we have assumed the market value of the properties remain unchanged as at Valuation Date, given the proximity of the dates.

The Market Value of the investment properties, as at Valuation Date, is taken to be S$1,663,087, based on an exchange rate of RM3.05456/S$.

Prepaid Land Lease at KTLM

KTLM owns a vacant piece of leasehold land in Johor Bahru, Malaysia. A valuation was conducted by a licensed property valuer in Malaysia, that points a Market Value of RM4,211,000 as at 22 January 2019. For the purpose of this exercise, we have assumed the market value of this property remains unchanged as at Valuation Date, given the valuation was performed earlier in the year and no significant events have taken place between the 2 dates.

The Market Value of this property, as at Valuation Date, is taken to be S$1,378,595, based on an exchange rate of RM3.05456/S$.

(5) Conclusion of Value – Equity Value of the Target Group

Based on the formula to estimate the Market Value of the Equity Interest in the Target Group, we arrived at our conclusion as shown in the table below.

	Amount (S$)
Enterprise Value of the Target Group	(372,972)
Less: Debt of the Target Group	38,026,657
Add: Cash at the Target Group	121,348
Add: Non-Operating Assets of the Target Group	
- Investment properties at KTLR	1,663,087
- Prepaid lease at KTLM	1,378,595
Equity Value of the Target Group	**(35,236,599)**

The summation of the variables yields **a negative Equity Value S$35,236,599**, given the large amount of debt. It is worth noting that the unadjusted unaudited net book value as at Valuation Date shows a net liability position of S$18,807,985. The discrepancy between the 2 figures can be explained by the expected continuing operating losses in the near term, leading to a larger liability for the owner.

Implicit in our workings thus far and for the purpose of measuring Market Value, the loans from shareholders, estimated to be S$14,475,000, is not treated as quasi-equity and is payable on demand, much like the bank borrowings. However, assuming the loans from shareholders are treated as equity, the adjusted Equity Value is still a negative S$20,761,599.

It is thus reasonable to conclude that there is no value attributable to the Equity Interest of the Target Group.

Conclusion of Value – Equity Interest in the Target Group

Based on the information provided, and subject to the attached Statement of General Assumptions and Limiting Conditions, we are of the opinion that, as at Valuation Date, the Market Value of the 100% equity interest in the Target Group is reasonably stated as NIL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuations of prudent management over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

The information contained in this report may include proprietary, sensitive and confidential information that has not been publicly disclosed. Release of this information to any other party could be damaging to KTL Global.

Respectfully submitted,

AVA Associates Limited

AVA Associates Limited, based in Hong Kong and Singapore, has been providing independent valuation services to clients in Asia since 2008. We provide transaction-based advisory services, primarily focusing on independent valuation services to assist its clients to comply with internal and external requirements. Our valuation team, made up of qualified professionals in their respective fields, has the expertise covering various classifications of tangible and intangible assets, focusing on four key competencies of business valuation, financial instrument valuation, intellectual property valuation and fixed asset valuation.

Statement of General Assumption and Limiting Conditions

1. This analysis is subject to the following general assumptions and limiting conditions:

2. No investigation has been made of, and no responsibility is assumed for, the legal description of the property being valued or legal matters, including title or encumbrances. Title to the property is assumed to be good and marketable unless otherwise stated. The property is assumed to be free and clear of any liens, easements, encroachments, and other encumbrances unless otherwise stated.

3. Information furnished by others, upon which all or portions of this valuation is based, is believed to be reliable but has not been verified except as set forth in this report. No warranty is given as to the accuracy of such information.

4. This report has been made only for the purpose stated and shall not be used for any other purpose. Neither this report nor any portions thereof (including, without limitations, any conclusions, the identity of AVA or any individuals signing or associated with this report, or the professional associations or organizations with which they are affiliated) shall be disseminated to third parties other than the Company and its financial accounting firm, by any means without the prior written consent and approval of AVA.

5. This appraisal has been made in conformance with the International Valuation Standards issued by the International Valuation Standards Council.

6. Neither AVA nor any individual signing or associated with this report shall be required by reason of this report to give further consultation, provide testimony or appear in court or other legal proceedings unless specific arrangements therefore have been made.

7. No responsibility is taken for changes in market conditions and no obligation is assumed to revise this report to reflect events or conditions, which occur subsequent to the valuation date hereof.

8. The date of value to which the estimate expressed in this report applies is set forth in the beginning of this report. This valuation is valid only for the valuation date indicated. Our analysis is based on the purchasing power of the Singapore Dollar as of that date.

9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government, or private entity or organization have been or can readily be obtained or renewed for any use on which the value estimate provided in this report is based.

10. Full compliance with all applicable federal, state, and local zoning and use, occupancy, environmental, and similar laws and regulations is assumed, unless otherwise stated.

11. Responsible ownership and competent management are assumed.

12. The value estimate is predicated on the financial structure prevailing as of the date of this analysis.

13. This report may not be included or referred to in any statutory filing or other public document.

14. This is a Summary Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the valuation process to develop the valuation professional’s estimate of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the valuation professional’s file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The valuation professional is not responsible for unauthorized use of this report.

NOTICE OF EXTRAORDINARY GENERAL MEETING

KTL GLOBAL LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 200704519M)

All capitalised terms in the resolutions below and defined in the Circular shall, unless otherwise defined herein, have the same meanings ascribed to them in the Circular dated 6 January 2020.

NOTICE IS HEREBY GIVEN that an extraordinary general meeting ("**EGM**") of the Company will be held at **Acacia Level 1, The Arena Country Club on 511 Upper Jurong Road, Singapore 638366** on **Tuesday, 21 January 2020** at **11.00 a.m.** for the purpose of considering and, if thought fit, passing the following resolutions.

ORDINARY RESOLUTION 1 – PROPOSED DISPOSAL OF 100% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF KTL INVESTMENT PTE. LTD. AND KTL OFFSHORE PTE. LTD.

Resolved that:

(a) the Company's proposed disposal of 100% of the issued and paid-up share capital of KTL Investment Pte. Ltd. and KTL Offshore Pte. Ltd. for a consideration of S$10,000 (the "**Proposed Disposal**"), which constitutes an interested person transaction under the Listing Manual, be and is hereby approved; and

(b) the Directors or any of them be and is hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient to give effect to the Proposed Disposal or in the interests of the Company to give effect to this resolution as they or he may think fit.

ORDINARY RESOLUTION 2 – THE PROPOSED CHANGE OF AUDITORS

Resolved that:

(a) the resignation of Crowe Horwath First Trust LLP as auditors of the Company be and is hereby accepted and that RT LLP be and are hereby appointed auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company, at such remuneration and on such terms to be agreed between the Directors and RT LLP; and

(b) the Directors or any of them be and is hereby authorised to exercise such discretion to complete and do all such acts and things, including without limitation, to sign, seal, execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to any document, as they or he may consider necessary, desirable or expedient or in the interests of the Company to give effect to this resolution as they or he may think fit.

*Notes to shareholders of the Company ("**Shareholders**"):*

(i) the Company has received a copy of Crowe Horwath First Trust LLP's professional clearance letter dated 4 September 2019 to RT LLP, confirming that they are not aware of any professional reasons why RT LLP should not accept appointment as the new auditors of the Company;

(ii) the Directors confirm that there were no disagreements with Crowe Horwath First Trust LLP on accounting treatments within the last 12 months from the date of this Circular;

(iii) the Directors confirm that the Company is not aware of any circumstances connected with the Proposed Change of Auditors that should be brought to the attention of the Shareholders which has not been disclosed in the Circular;

(iv) the reasons for the Proposed Change of Auditors are disclosed in paragraph 3.1 of the Circular; and

(v) the Directors confirm that the Company is in compliance with Rules 712 and 715 of the Listing Manual in relation to the proposed appointment of RT LLP as its new Auditors, after taking into account the various factors in paragraphs 3.2 and 3.3 of the Circular.

BY ORDER OF THE BOARD

Tan Kheng Kuan
Chief Executive Officer

6 January 2020

Notes:

(1) (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act (Chapter 50) of Singapore) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the EGM. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

(b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act (Chapter 50) of Singapore) is entitled to appoint more than two proxies to attend, speak and vote at the EGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

(2) A proxy need not be a member of the Company.

(3) The instrument appointing a proxy or proxies must be under the hand of the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, the instrument appointment a proxy must be executed either under its seal or under the hand of its duly authorised officer or attorney.

(4) The instrument appointing a proxy or proxies must be deposited at the Registered Office of the Company at **7 Gul Road, Singapore 629364** not less than 48 hours before the time appointed for the holding of the EGM.

(5) A depositor shall not be regarded as a member of the Company entitled to attend, speak and vote at the EGM unless his name appears on the Depository Register (as defined in Section 81SF of the Securities and Futures Act (Chapter 289) of Singapore) 72 hours before the time appointed for the holding of the EGM.

Personal Data Privacy:

By attending the EGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the EGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the EGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM (including any adjournment thereof), and the publication of the names and comments of the members at the EGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

KTL GLOBAL LIMITED

(Company Registration No. 200704519M)
(Incorporated in the Republic of Singapore)

PROXY FORM
EXTRAORDINARY GENERAL MEETING

IMPORTANT

CPF Investors

1. For investors who have used their CPF moneys to buy shares in the capital of KTL Global Limited (the "**Company**"), this Circular is forwarded to them at the request of their CPF Approved Nominees (the "**Agent Banks**") and is sent solely for information only.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company, (Agent Banks: please see note 8 on the required format.) Multiple Proxies
4. Relevant intermediaries (as defined in Section 181 of the Companies Act, Cap. 50) may appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting.

I/We ____ (Name),

NRIC/Passport (delete as appropriate) Number: ______________________________

of ____ (Address)

being a member/members of **KTL GLOBAL LIMITED** (the "**Company**"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**	
		No. of shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings (%)**	
		No. of shares	**%**
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf at the Extraordinary General Meeting (the "**Meeting**") of the Company to be held at Acacia Level 1, The Arena Country Club on 511 Upper Jurong Road, Singapore 638366 on **Tuesday, 21 January 2020** at **11.00 a.m.** and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her discretion.

	ORDINARY RESOLUTIONS	**For***	**Against***
1.	To approve the Proposed Disposal		
2.	To approve the Proposed Change of Auditors		

* If you wish to exercise all your votes "For" or "Against", please indicate your vote "For" or "Against" with "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this ________ day of ________________ 2020.

Total number of Shares in:	**Number of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
Or Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ NOTES ON THE REVERSE.

Notes:

1. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the said Depository Register and registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2. (a) A member who is not a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Extraordinary General Meeting. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.

   (b) A member who is a relevant intermediary (as defined in Section 181 of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend, speak and vote at the Extraordinary General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

3. A proxy need not be a member of the Company.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at **7 Gul Road, Singapore 629364** not less than forty-eight (48) hours before the time appointed for the Extraordinary General Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy; failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with Section 179 of the Companies Act, Cap. 50.

7. The submission of an instrument or form appointing a proxy by a member of the Company does not preclude him from attending and voting in person at the Extraordinary General Meeting if he is able to do so.

8. Agent Banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as Observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of Shares held. The list, signed by an authorised signatory of the agent bank, should reach the Company Secretary, at the registered office of the Company not later than forty-eight (48) hours before the time appointed for holding the Extraordinary General Meeting.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Company.

Personal Data Protection:

By attending the Extraordinary General Meeting and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting.